

**DCDML 2016-1 B.V. as Issuer**  
*(incorporated with limited liability in the Netherlands)*

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class F</b>	<b>Class RS</b>
<b>Principal Amount:</b>	EUR 250,200,000	EUR 6,900,000	EUR 6,700,000	EUR 3,700,000	EUR 4,400,000	EUR 3,600,000	EUR 20,000,000
<b>Issue Price:</b>	100.00 per cent.	100.00 per cent.	100.00 per cent.	100.00 per cent.	100.00 per cent.	66.33 per cent.	28.15 per cent.
<b>Interest rate up to and including the First Optional Redemption Date:<sup>1</sup></b>	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 0.390 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 1.850 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 2.600 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 3.500 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 4.500 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 5.000 per cent. per annum	Class RS Notes Interest Amount
<b>Interest rate following the First Optional Redemption Date:</b>	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 0.780 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 2.315 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 3.250 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 4.375 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 5.625 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 5.000 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	Class RS Notes Interest Amount
<b>Interest accrual:</b>	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360	n/a
<b>Expected ratings (Fitch / Moody's):</b>	AAA sf / Aaa(sf)	AAsf / Aa2(sf)	A+sf / A1(sf)	Asf / Baa2(sf)	BB-sf / B2(sf)	n/a	n/a
<b>First Optional Redemption Date:</b>	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021	Notes Payment Date falling in October 2021
<b>Final Maturity Date:</b>	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049

<sup>1</sup> Three month Euribor will be set on each Interest Determination Date. The first Interest Determination Date is two Business Days before the Closing Date

<b>Seller:</b>	Dynamic Credit Woninghypotheek B.V. (expected to be renamed Elan Woninghypotheek B.V. within 3 months following the Closing Date).
<b>Closing Date:</b>	The Issuer will issue the Notes in the classes set out above on 7 November 2016 (or such later date as may be agreed between the Issuer and the Lead Manager) (the <b>Closing Date</b> ).
<b>Underlying Assets:</b>	The Issuer will make payments on the Notes in accordance with the relevant Priority of Payments from, among other things, payments of principal and interest received from a portfolio comprising of Mortgage Loans originated by the Seller (or the Elan Servicer acting on its behalf as agent) and secured over residential properties located in the Netherlands. Legal title to the Mortgage Receivables resulting from such Mortgage Loans will be assigned by the Seller to the Issuer on the Closing Date. Legal title to any Further Advance Receivables and New Ported Mortgage Receivables may, subject to certain conditions being met, be assigned by the Seller to the Issuer on certain dates thereafter. See Section 6.2 ( <i>Description of Mortgage Loans</i> ) for further information.
<b>Security for the Notes:</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, among other things, the Mortgage Receivables and the Issuer Rights (see Section 4.7 ( <i>Security</i> )).
<b>Denomination:</b>	The Notes will have a minimum denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.
<b>Form:</b>	The Notes will initially be represented by Global Notes in bearer form. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest:</b>	The Notes (except for the Class RS Notes) will carry a floating rate of interest (provided however that if and as long as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(e)) plus the applicable Margin is less than an interest rate equal to zero per cent. per annum, the Notes (except for Class RS Notes) will carry an interest rate equal to zero per cent. per annum), payable quarterly in arrear on each Notes Payment Date. The interest on the Class RS Notes will be equal to the Class RS Notes Interest Amount. From (but excluding) the First Optional Redemption Date, the Subordinated Extension Payment Amount, if any, in respect of each relevant Class of Notes will be subordinated to certain other payment obligations of the Issuer as set forth in the Revenue Priority of Payments. See further Section 4.1 ( <i>Terms and Conditions</i> ) and Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions:</b>	Unless previously redeemed in full, payments of principal on the Notes will be made quarterly in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. On any Optional Redemption Date thereafter the Majority RS Noteholder may instruct the Issuer to redeem all (but not some only) of the Floating Rate Notes subject to and in accordance with Condition 6(d) ( <i>Portfolio Call Option</i> ) and Condition 6(e) ( <i>Remarketing Call Option</i> ) and all (but not some only) of the Notes may be redeemed at the option of the Issuer on any Notes Payment Date for taxation reasons subject to and in accordance with Condition 6(f) ( <i>redemption for tax reasons</i> ). The Notes will mature on the Final Maturity Date. See further Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale:</b>	Goldman Sachs International has agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Notes.
<b>Credit Rating Agencies:</b>	Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation at <a href="http://www.esma.europa.eu/page/list-registered-and-certified-CRAs">www.esma.europa.eu/page/list-registered-and-certified-CRAs</a> .
<b>Credit Ratings:</b>	<p>Credit ratings will be assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as set out above on or before the Closing Date. The Class F Notes and the Class RS Notes will not be rated.</p> <p>The credit ratings assigned by Fitch address the likelihood of (i) (a) in respect of the Class A Notes and the Class B Notes, full and timely payment of interest (other than the Subordinated Extension Payment Amount) on each Notes Payment Date and (b) in respect of the Class C Notes, the Class D Notes and the Class E Notes, full payment of interest (other than the Subordinated Extension Payment Amount) by a date that is not later than the Final Maturity Date and (ii) in respect of the Floating Rate Notes other than the Class F Notes, full payment of principal due to the holders of such</p>

	<p>Notes by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss posed to investors by the legal final maturity. The assigned ratings address timely payment of interest for the Class A Notes, the Class B Notes and the Class C Notes, ultimate payment of interest (but for avoidance of doubt not the Subordinated Extension Payment Amount) on or before the rated final legal maturity date for the Class D Notes and the Class E Notes and ultimate payment of principal at par on or before the rated final legal maturity date for all rated Notes. The credit ratings assigned by Fitch and Moody's do not address the likelihood that the Notes will be redeemed in full on any Optional Redemption Date.</p> <p><b>The assignment of ratings to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes may be lowered, qualified, reviewed, revised, suspended or withdrawn at any time. Any such lowering, qualification, review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</b></p>
<b>Listing:</b>	<p>Application has been made to list the Notes on Euronext Amsterdam. The Notes are expected to be listed on or about the Closing Date.</p> <p>This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility:</b>	<p>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 Euroclear or Clearstream, Luxembourg as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The other Classes of Notes are not intended to be held in a manner which allows Eurosystem eligibility.</p>
<b>Limited recourse obligations of the Issuer and the Seller:</b>	<p>The Notes will be limited recourse obligations of the Issuer and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have no or limited sources of funding available to it. See Section 2 (<i>Risk Factors</i>).</p> <p>The Seller has been set up as a thinly capitalised vehicle to originate mortgage loans in the Netherlands. Consequently it has no or limited sources of funds available to it and its obligations under the Transaction Documents are limited recourse obligations. As long as the Elan Credit Facility is in place, the Seller may, as long as it originates mortgage loans (including, but not limited to, further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility. The Elan Lender is under no obligation to put the Seller in funds to satisfy any obligation arising in connection with the Seller's entry into the securitisation transaction and no party, including but not limited to any investor, the Issuer, the Security Trustee or the Seller, has the right to instruct or procure (either directly or indirectly) the Elan Lender to provide the Seller with any funds in order to satisfy such obligations. Potential investors should evaluate the risk of an investment in the Notes as if no drawing for the repurchase obligations will be made under the Elan Credit Facility (see Section 2 (<i>Risk Factors</i>)). The Issuer will have recourse against the Elan Servicer, an agent of the Seller, in certain limited circumstances which are more particularly described in Section 7.1 (<i>Purchase, Repurchase and Sale</i>).</p>
<b>Subordination:</b>	<p>Prior to delivery of an Enforcement Notice, the Classes of Notes, other than the Class A Notes, are in respect of payments of principal and interest subordinated to the Class A Notes and, if applicable, other Classes of Notes in the following order: the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class RS Notes. See Section 5 (<i>Credit Structure</i>).</p>
<b>Retention and Information Undertaking:</b>	<p>The Elan Lender in its capacity as the "originator" within the meaning of article 405 CRR has undertaken that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5 per cent., in accordance with the EU Risk Retention Requirements. As at the Closing Date, such material net economic interest will be held in accordance with item (a) of Article 405 of the CRR, Article 51(a) of the AIFMR and Article 254(2)(a) of the Solvency II Regulation by holding no less than 5 per cent. of the nominal value of each of the Classes of Notes sold or transferred to investors. See Section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p>

	<p>The Retention Holder has also undertaken to make materially relevant information available to investors on request with a view to such investor complying with articles 405 up to and including 409 of the CRR, Articles 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation which information the Retention Holder will retrieve from the Seller by making use of its information rights it has as Elan Lender. Each prospective Noteholder should ensure that it complies with the CRR, the AIFMR and the Solvency II Regulation to the extent they apply to it.</p>
<b>Volcker Rule:</b>	<p>The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a “covered fund” for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the <b>Investment Company Act</b>) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a “covered fund” under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.</p>

**For a discussion of some of the risks associated with an investment in the Notes, see Section 2 (*Risk Factors*) herein.**

The language of this 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.

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 8.2 (*Definitions*) of the Glossary of Defined Terms set out in this Prospectus. The principles of interpretation set out in paragraph 8.3 (*Interpretation*) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.

The date of this Prospectus is 3 November 2016.

*Arranger*

**Goldman Sachs International**

*Lead Manager*

**Goldman Sachs International**

## RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third parties contained and specified as such in this Prospectus 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 Issuer accepts such responsibility accordingly.

In addition to the Issuer, the Seller is also responsible for the information contained in the following sections of this Prospectus: paragraph *Portfolio Information* in Section 1.6 (*Overview*), Section 3.4 (*the Seller*) and Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of the Mortgage Loans*) and Section 6.3 (*Origination and Servicing*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

In addition to the Issuer, the Servicer is also responsible for the information in respect of it contained in Section 3.5 (*Servicer*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.5 (*Servicer*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Servicer accepts responsibility accordingly.

In addition to the Issuer, the Portfolio Manager is also responsible for the information in respect of it contained in Section 3.7 (*Portfolio Manager*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.7 (*Portfolio Manager*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Portfolio Manager accepts responsibility accordingly.

In addition to the Issuer, the Swap Counterparty is also responsible for the information in respect of it contained in Section 3.8 (*Swap Counterparty*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.8 (*Swap Counterparty*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Swap Counterparty accepts responsibility accordingly.

In addition to the Issuer, the Swap Collateral Custodian is also responsible for the information in respect of it contained in Section 3.9 (*Swap Collateral Custodian*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.9 (*Swap Collateral Custodian*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Swap Collateral Custodian accepts responsibility accordingly.

In addition to the Issuer, the Elan Lender is also responsible for the information contained in the paragraphs relating to retention and disclosure requirements under the EU Risk Retention Requirements. To the best of the Elan Lender's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable is in accordance with the facts and does not omit anything likely to affect the import of such information. The Elan Lender accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Arranger or the Lead Manager (nor any of their respective affiliates).

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 further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in Section 4.3 (*Subscription and Sale*) below. No one is authorised by the Issuer or the 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 and its own independent investigation of the Mortgage Receivables. 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, the Arranger or the Lead Manager (nor any of their respective affiliates) 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 the Seller shall be obliged to update this Prospectus after the date on which the Notes are issued or admitted to trading.

If at any time the Issuer shall be required to prepare a supplemental prospectus pursuant to the Prospectus Directive, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which shall constitute a supplemental prospectus as required by the AFM under the Prospectus Directive.

In respect of any remarketing and issue of new notes to be admitted to listing and trading on Euronext Amsterdam or any other regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC), upon exercise of the Remarketing Call Option, the Issuer shall (supported by the Majority RS Noteholder) be required to prepare and make available a prospectus pursuant to the Prospectus Directive. Neither the Arranger nor the Lead Manager shall be under any obligation to assist the Issuer with the preparation and/or publication of any such prospectus and take no responsibility with respect to the content of any such prospectus at any time subsequent to the date of this Prospectus, however pursuant to Condition 6(e) the Majority RS Noteholder is required in certain circumstances to appoint an arranger or a joint lead manager to assist with the preparation of any such prospectus.

ABN AMRO Bank N.V. is acting solely in its capacity as Listing Agent for the Issuer in connection with the Notes and is not itself seeking admission of these Notes to Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive. ABN AMRO Bank N.V. in its capacity as Listing Agent is acting for the Issuer only and will not regard any other person as its client in relation to the offering of the Notes.

Neither ABN AMRO Bank N.V. nor any of its directors, officers, agents or employees makes any representation or warranty express or implied, or accepts any responsibility with respect to the accuracy, completeness or fairness of any of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Issuer or the offering or the Notes. Accordingly, ABN AMRO Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any such other statements.

Goldman Sachs International (along with any of its affiliates) as Arranger and Lead Manager makes expressly clear that it does not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, among other things, 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.

Neither Goldman Sachs International (in its limited role as Arranger and Lead Manager) nor any of its affiliates have separately verified the information set out in this Prospectus. To the fullest extent permitted by law, Goldman Sachs International and its affiliates do not accept any responsibility for the content of this Prospectus or for any statement or information contained in or consistent with this Prospectus that is made or created in connection with the offering of the

Notes. Neither Goldman Sachs International nor any of its affiliates has independently verified, or makes any representation or warranty in respect of the content of this Prospectus.

The Notes have not been and will not be registered under the Securities Act and will not 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 U.S. persons as defined in Regulation S, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see Section 4.3 (*Subscription and Sale*) below).

**THE OBLIGATIONS UNDER THE NOTES WILL BE SOLELY THE RESPONSIBILITY OF THE ISSUER. THE NOTES WILL NOT CREATE OBLIGATIONS FOR, BE THE RESPONSIBILITY OF, OR BE GUARANTEED BY, ANY OTHER ENTITY OR PERSON, IN WHATEVER CAPACITY ACTING, INCLUDING, WITHOUT LIMITATION, THE SELLER, THE SWAP COUNTERPARTY, THE PORTFOLIO MANAGER, THE SERVICER, THE ELAN LENDER, THE ELAN SERVICER, THE ISSUER ADMINISTRATOR, THE DIRECTORS, THE PAYING AGENT, THE REFERENCE AGENT, THE LEAD MANAGER, THE ARRANGER, THE ISSUER ACCOUNT BANK, THE SWAP COLLATERAL CUSTODIAN AND THE SECURITY TRUSTEE, IN WHATEVER CAPACITY ACTING. FURTHERMORE, NONE OF THE SELLER, THE SWAP COUNTERPARTY, THE SERVICER, THE ELAN LENDER, THE ELAN SERVICER, THE ISSUER ADMINISTRATOR, THE DIRECTORS, THE PAYING AGENT, THE REFERENCE AGENT, THE ARRANGER, THE LEAD MANAGER, THE ISSUER ACCOUNT BANK, THE SWAP COLLATERAL CUSTODIAN 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.**

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## **1. TRANSACTION OVERVIEW**

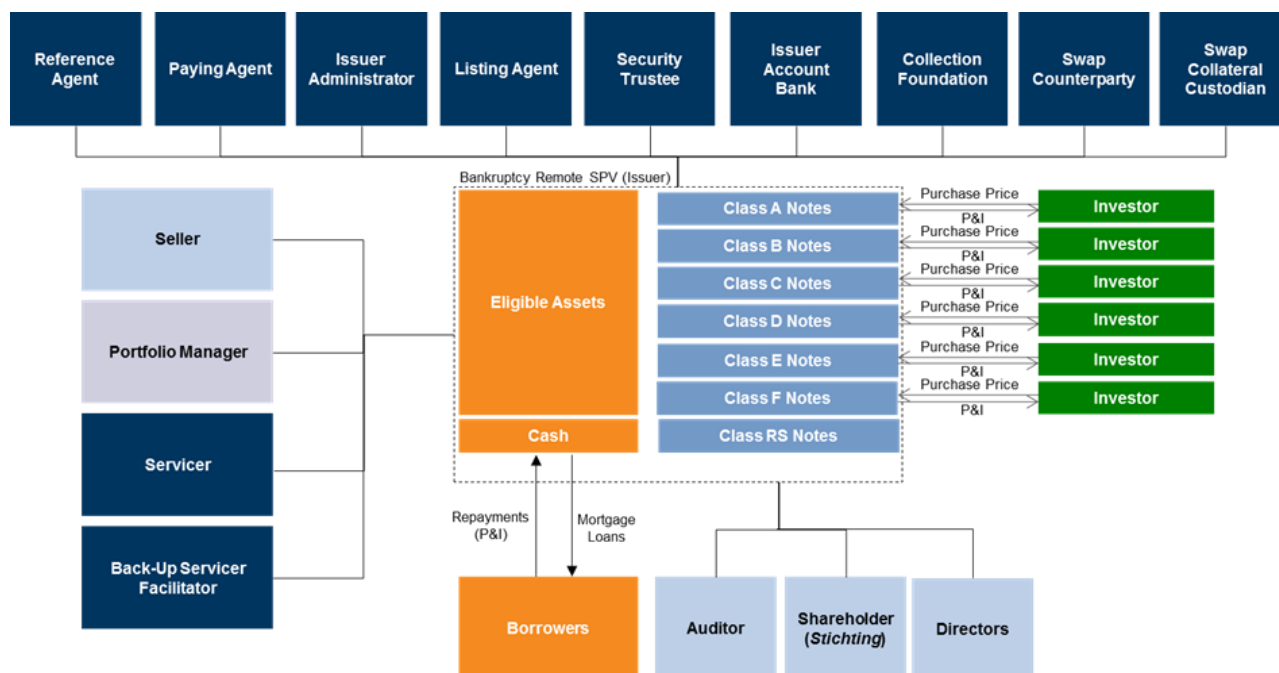
*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes must be based on a consideration of this Prospectus as a whole, including any supplement hereto. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety, by the detailed information presented elsewhere in this Prospectus.*

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus shall have the meaning ascribed to them in paragraph 8.2 (Definitions) of the Glossary of Defined Terms set out in this Prospectus.*

*The principles of interpretation set out in paragraph 8.3 (Interpretation) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.*

## 1.1 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.



## **1.2 Risk Factors**

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, among other things, 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 its receipt of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and/or its receipt of other funds. Despite certain mitigants in respect of these risks, there remains among other things a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the Mortgage Receivables and the Mortgaged Assets. Finally, it should be noted that (i) the Seller has been set up as a thinly capitalised vehicle to originate mortgage loans in the Netherlands and consequently has no or limited sources of funds available to it and its obligations under the Transaction Documents are limited recourse obligations and (ii) that the Swap Agreement contains certain risks (see Section 2 (*Risk Factors*)).

### 1.3 Principal Parties

<b>Issuer:</b>	DCDML 2016-1 B.V., incorporated under Dutch law 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 under number 65360826. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Holding DCDML 2016-1, established under Dutch law as a foundation ( <i>stichting</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65355431.
<b>Security Trustee:</b>	Stichting Security Trustee DCDML 2016-1, established under Dutch law as a foundation ( <i>stichting</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65356748.
<b>Seller:</b>	Dynamic Credit Woninghypotheken B.V. (expected to be renamed Elan Woninghypotheken B.V. within 3 months following the Closing Date), incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 62473867.
<b>Portfolio Manager:</b>	Dynamic Credit Partners Europe B.V. ( <b>DCP</b> ), incorporated under Dutch law 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 under number 34249587.
<b>Servicer:</b>	Quion Services B.V. ( <b>Quion</b> ), incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) having its corporate seat in Rotterdam and registered with the Commercial Register of the Chamber of Commerce under number 24158411.
<b>Elan Servicer:</b>	Quion
<b>Elan Lender:</b>	Goldman Sachs Lending Partners LLC
<b>Back-up Servicer Facilitator:</b>	BNP Paribas Securities Services, Luxembourg Branch ( <b>BNP Luxembourg</b> ), established under French law, acting through its offices at 60, avenue J.F. Kennedy, Luxembourg, L – 2085 Luxembourg.
<b>Collection Foundation:</b>	Stichting Dynamic Credit Woninghypotheken Ontvangsten (expected to be renamed Stichting Elan Woninghypotheken Ontvangsten within 3 months following the Closing Date), established under Dutch law as a foundation ( <i>stichting</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65356217.
<b>Issuer Administrator:</b>	Intertrust Administrative Services B.V., incorporated under Dutch law 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 under number 33210270.

<b>Swap Counterparty:</b>	BNP Paribas, established under French law, acting through its offices at 16 Boulevard des Italiens 75009 Paris, France.
<b>Issuer Account Bank:</b>	N.V. Bank Nederlandse Gemeenten, incorporated under Dutch law as a public company with limited liability ( <i>naamloze vennootschap</i> ) having its corporate seat in 's-Gravenhage, and registered with the Commercial Register of the Chamber of Commerce under number 27008387.
<b>Swap Collateral Custodian:</b>	The Bank of New York Mellon, London Branch, established under New York law, acting through its offices at One Canada Square, London, E14 5AL, United Kingdom.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer and of the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee.
<b>Collection Foundation Administrator:</b>	Quion
<b>Collection Foundation Account Provider:</b>	ABN AMRO Bank N.V. ( <b>ABN AMRO</b> ), incorporated under Dutch law as a public company with limited liability ( <i>naamloze vennootschap</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 3302587.
<b>Paying Agent:</b>	BNP Luxembourg
<b>Reference Agent:</b>	BNP Luxembourg
<b>Listing Agent:</b>	ABN AMRO
<b>Arranger:</b>	Goldman Sachs International
<b>Lead Manager:</b>	Goldman Sachs International
<b>Retention Holder:</b>	Goldman Sachs Lending Partners LLC

## 1.4 The Notes

Certain features of the Notes are summarised below:

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class F</b>	<b>Class RS</b>
<b>Principal Amount:</b>	EUR 250,200,000	EUR 6,900,000	EUR 6,700,000	EUR 3,700,000	EUR 4,400,000	EUR 3,600,000	EUR 20,000,000
<b>Issue Price:</b>	100.00 per cent.	100.00 per cent.	100.00 per cent.	100.00 per cent.	100.00 per cent.	66.33 per cent.	28.15 per cent.
<b>Interest rate up to and including the First Optional Redemption Date:<sup>2</sup></b>	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 0.390 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 1.850 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 2.600 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 3.500 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 4.500 per cent. per annum	the higher of (i) zero and (ii) three month Euribor plus an Initial Margin of 5.000 per cent. per annum	Class RS Notes Interest Amount
<b>Interest rate following the First Optional Redemption Date:</b>	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 0.780 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 2.315 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 3.250 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 4.375 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 5.625 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	the higher of (i) zero and (ii) three month Euribor plus an Extension Margin of 5.000 per cent. per annum, with the Subordinated Extension Payment Amount being subordinated	Class RS Notes Interest Amount
<b>Interest accrual:</b>	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360	n/a
<b>Expected ratings (Fitch / Moody's):</b>	AAAsf / Aaa(sf)	AAAsf / Aa2(sf)	A+sf / A1(sf)	Asf / Baa2(sf)	BB-sf / B2(sf)	n/a	n/a
<b>First</b>	Notes	Notes	Notes	Notes	Notes	Notes	Notes

<sup>2</sup> Three month Euribor will be set on each Interest Determination Date. The first Interest Determination Date is two Business Days before the Closing Date

<b>Optional Redemption Date:</b>	Payment Date falling in October 2021	Payment Date falling in October 2021	Payment Date falling in October 2021	Payment Date falling in October 2021	Payment Date falling in October 2021	Payment Date falling in October 2021	Payment Date falling in October 2021
<b>Final Maturity Date:</b>	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049	Notes Payment Date falling in January 2049

**Notes:** The Notes shall consist of the following classes of notes of the Issuer, which are expected to be issued on or about the Closing Date:

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

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

- (i) the Class A Notes 100.00 per cent.;
- (ii) the Class B Notes 100.00 per cent.;
- (iii) the Class C Notes 100.00 per cent.;
- (iv) the Class D Notes 100.00 per cent.;
- (v) the Class E Notes 100.00 per cent.;
- (vi) the Class F Notes 66.33 per cent.; and
- (vii) the Class RS Notes 28.15 per cent.

**Form:** The Notes are initially issued in bearer form and represented by Global Notes. In limited circumstances, the Notes will be issued in definitive form, serially numbered with coupons attached.

**Denomination:** The Notes will be issued in minimum denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.

**Status & Ranking:** The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class.



In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, (ii) payments of principal and interest on the Class C Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes and payments of principal and interest on the Class B Notes, (iii) payments of principal and interest on the Class D Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, payments of principal and interest on the Class B Notes and payments of principal and interest on the Class C Notes, (iv) payments of principal and interest on the Class E Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, payments of principal and interest on the Class B Notes, payments of principal and interest on the Class C Notes and payments of principal and interest on the Class D Notes (v) payments of principal and interest on the Class F Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, payments of principal and interest on the Class B Notes, payments of principal and interest on the Class C Notes, payments of principal and interest on the Class D Notes and payments of principal and interest on the Class E Notes, (vi) (A) prior to service of an Enforcement Notice, payments of principal and Class RS Notes Interest Amount on the Class RS Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, payments of principal and interest on the Class B Notes, payments of principal and interest on the Class C Notes, payments of principal and interest on the Class D Notes, payments of principal and interest on the Class E Notes and payments of principal and interest on the Class F Notes, and (B) after service of an Enforcement Notice payments of principal and any remaining amount from the Enforcement Available Amount on the Class RS Notes are subordinated to, among other things, payments of principal and interest on the Class A Notes, payments of principal and interest on the Class B Notes, payments of principal and interest on the Class C Notes, payments of principal and interest on the Class D Notes, payments of principal and interest on the Class E Notes and payments of principal and interest on the Class F Notes. From (but excluding) the First Optional Redemption Date, the Subordinated Extension Payment Amount in respect of a Class of Notes (other than the Class RS Notes), if any, will be subordinated to certain other payment obligations of the Issuer as set forth in the Revenue Priority of Payments.

See further *Terms and Conditions* in section *The Notes*. The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments. See further *Credit Structure*.

**Interest:**

Interest on the Notes (other than the Class RS Notes) will accrue from (and including) the Closing Date by reference to successive Interest Periods and will be payable quarterly in arrear in Euro in respect of their Principal Amount Outstanding on each Notes Payment Date. There can be no assurance that sufficient funds will be available to make interest payments to the holders of Floating Rate Notes.

The interest on the Notes (other than the Class RS Notes) will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

*Interest on the Notes (other than the Class RS Notes) up to and including the First Optional Redemption Date*

Up to and including the First Optional Redemption Date, interest on the Notes (except for the Class RS Notes) for each Interest Period will accrue at an annual rate equal to the sum of the Euribor for three month deposits in EUR (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three month deposits in EUR and Euribor for six month deposits in EUR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards), plus an Initial Margin of:

- (i) for the Class A Notes, 0.390 per cent. per annum;
- (ii) for the Class B Notes, 1.850 per cent. per annum;
- (iii) for the Class C Notes, 2.600 per cent. per annum;
- (iv) for the Class D Notes, 3.500 per cent. per annum;
- (v) for the Class E Notes, 4.500 per cent. per annum; and
- (vi) for the Class F Notes, 5.000 per cent. per annum.

The rate of interest on the Notes shall at any time be at least zero per cent.

*Interest on the Notes (other than the Class RS Notes) following the First Optional Redemption Date*

If on the First Optional Redemption Date the Notes have not been redeemed in full, the rate of interest applicable to the Notes (other than the Class RS Notes) will, as of (but excluding) the First Optional Redemption Date, accrue at an annual rate equal to the sum of Euribor for three month deposits in EUR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards, plus an Extension Margin of:

- (i) for the Class A Notes, 0.780 per cent. per annum;
- (ii) for the Class B Notes, 2.315 per cent. per annum;
- (iii) for the Class C Notes, 3.250 per cent. per annum;
- (iv) for the Class D Notes, 4.375 per cent. per annum;
- (v) for the Class E Notes, 5.625 per cent. per annum; and
- (vi) for the Class F Notes, 5.000 per cent. per annum.

The rate of interest on the Notes shall at any time be at least zero per cent.

From (but excluding) the First Optional Redemption Date, the Subordinated Extension Payment Amount in respect of a Class of Notes (other than the Class RS Notes), if any, will be subordinated to certain other payment obligations of the Issuer as set forth in the Revenue Priority of Payments.

*Class RS Notes*

The interest on the Class RS Notes will be equal to the Class RS Notes Interest Amount. There can be no assurance that sufficient funds will be available to make payments to the Class RS Noteholders.

**Mandatory Redemption on the Final Maturity Date:** If and to the extent not already redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to and in accordance with Condition 6(a) and Condition 9(a).

**Mandatory Redemption of the Notes:** Unless previously redeemed in full, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes on each Notes Payment Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each respective Class, subject to and in accordance with Condition 6(b) and Condition 9(a), in the following sequential order:

- (a) *first*, the Class A Notes, 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;
- (e) *fifth*, the Class E Notes, until fully redeemed;
- (f) *sixth*, the Class F Notes, until fully redeemed; and
- (g) *seventh*, the Class RS Notes.

**Optional Redemption of the Notes:** Unless previously redeemed in full, the Majority RS Noteholder will on any Optional Redemption Date have the option to instruct the Issuer to redeem all (but not less than all) of the Floating Rate Notes at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(d) (*Portfolio Call Option*) and Condition 6(e) (*Remarketing Call Option*).

**Redemption for tax reasons:** If a Tax Call Option Event has occurred, the Issuer has the right to sell and assign the Mortgage Receivables and apply the proceeds received towards redemption of the Notes on the immediately succeeding Notes Payment Date subject to and in accordance with Condition 6(f) (*redemption for tax reasons*). The Issuer may only sell and assign the Mortgage Receivables on the conditions that the purchase price of such sale and assignment of the Mortgage Receivables is at least equal to the Tax Call Option Minimum Required Purchase Price).

The purchase price for the Mortgage Receivables will form part of the Available Principal Funds and will, together with any other Available Revenue Funds and Available Principal Funds be available to the Issuer on the relevant Notes Calculation Date, to be applied in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments on the Notes Payment Date immediately following the exercise of the Tax Call Option.

Any remaining outstanding amounts on the Notes after application of the purchase

price and other funds available to the Issuer, shall subsequently be cancelled.

**Retention and disclosure requirements under the EU Risk Retention Requirements and the U.S. Risk Retention Requirements:**

In respect of the issue of the Notes, the Elan Lender, in its capacity as the “originator” within the meaning of article 405 CRR and in its capacity as the “sponsor” within the meaning of the U.S. Risk Retention Requirements shall retain, for as long as the Notes are outstanding and on an ongoing basis, an interest that qualifies as (i) a material net economic interest in the securitisation transaction which, in any event, shall not be less than 5 per cent. in accordance with Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation and the U.S. Risk Retention Requirements and (ii) an eligible vertical interest in each class of Notes issued by the Issuer in the required amount of not less than 5 per cent. of each such Class.

At the date of this Prospectus such interest is retained in accordance with item (a) of Article 405 of the CRR, Article 51(a) of the AIFMR, Article 254(2)(a) of the Solvency II Regulation and the U.S. Risk Retention Requirements, by holding no less than 5 per cent. of the nominal value of each of the Classes of Notes sold or transferred to investors.

The Retention Holder has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager that it will comply with the requirements set forth in (i) article 52 (a) up to and including (d) of the AIFMR, (ii) Articles 408 and 409 of the CRR and (c) Articles 254 and 256 paragraph 3 sub (a) up to and including sub (c) and sub (e) of the Solvency II Regulation. In addition to the information set out herein and forming part of this Prospectus, the Retention Holder has undertaken to make materially relevant information available to investors with a view to such investor complying with Article 405 up to and including 409 of the CRR, Article 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation. The Retention Holder will retrieve such information from the Seller by making use of its information rights it has as Elan Lender (see Section 8 (*General*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details).

**Use of proceeds:**

The Issuer will use the proceeds from the issue of the Notes (other than the Class RS Notes) towards payment to the Seller of the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date pursuant to the provisions of the Mortgage Receivables Purchase Agreement made between the Seller, the Issuer and the Security Trustee. The Aggregate Construction Deposit Amount as at the Cut-Off Date of EUR 1,297,222 will be withheld by the Issuer from the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date and deposited by the Issuer in the Construction Deposit Account. The proceeds of the Class RS Notes will be used sequentially (i) to credit the Reserve Account with an amount equal to the Initial Reserve Account Required Amount and then (ii) to fund the remaining part of the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date being the positive difference between the Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date and the proceeds of the issuance of the Floating Rate Notes. The remainder will be used to pay the Supplementary Purchase Price for the Mortgage Receivables, which will be an amount equal to the proceeds of the issuance of the Class RS Notes minus (a) the Initial Reserve Account Required Amount and (b) any positive difference between the Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date and the proceeds of the issuance of the Floating Rate Notes. (See Section 4.5 (*Use of Proceeds*) for more details).

**Withholding Tax:**

All payments of, or in respect of, principal and interest on the Notes will be made

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

**FATCA  
Withholding:**

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding.

**Method of  
Payment:**

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

**Security for the  
Notes:**

The Notes have the indirect benefit of:

- (i) 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;
- (ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights; and
- (iii) an English law first ranking fixed charge over the Swap Collateral Accounts.

After the delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, among other things, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and deed of charge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments. See further Section 4.7 (*Security*) and Section 5 (*Credit Structure*) below.

**Parallel Debt  
Agreement:**

On the Signing Date, the Issuer and the Security Trustee amongst others will enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors, 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.

**Security over  
Collection  
Foundation  
Account:**

The Collection Foundation has granted a first ranking right of pledge on the balance standing to the credit of the Collection Foundation Account in favour of, amongst others, the Issuer, subject to the agreement that future funders of the Seller and future Elan Issuers will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such right of pledge will be notified to the Collection

Foundation Account Provider. The share within the meaning of section 3:166 of the Dutch Civil Code (*aandeel*) of the beneficiaries of the right of pledge in respect of the balance of the Collection Foundation Account is equal to their respective entitlements, i.e. the sum of the amounts standing to the credit of the Collection Foundation Account which relate to the collections arising from the Mortgage Receivables owned by it or pledged to it, as the case may be, from time to time.

**Paying Agency Agreement:** On the Signing Date, the Issuer will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, among other things, to perform certain payment services on behalf of the Issuer for the benefit of the Noteholders.

**Listing:** Application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market.

**Credit ratings:** It is a condition precedent to issuance that:

- (i) the Class A Notes, on issue, be assigned a AAAsf credit rating by Fitch, and a Aaa(sf) credit rating by Moody's;
- (ii) the Class B Notes, on issue, be assigned a AAsf credit rating by Fitch and a Aa2(sf) credit rating by Moody's;
- (iii) the Class C Notes, on issue, be assigned a A+sf credit rating by Fitch and a A1(sf) credit rating by Moody's;
- (iv) the Class D Notes, on issue, be assigned a Asf credit rating by Fitch and a Baa2(sf) credit rating by Moody's; and
- (v) the Class E Notes, on issue, be assigned a BB-sf credit rating by Fitch and a B2(sf) credit rating by Moody's.

Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. The Class F Notes and the Class RS Notes will not be assigned a credit rating.

**Settlement:** Euroclear and Clearstream, Luxembourg.

**Governing Law:** The Notes and the Transaction Documents, other than the Swap Agreement, the Swap Collateral Custodian Agreement and the Deed of Charge will be governed by and construed in accordance with Dutch law. The Swap Agreement, the Swap Collateral Custodian Agreement and the Deed of Charge will be governed by and construed in accordance with English law.

**Selling Restrictions:** There are selling restrictions in relation to the European Economic Area, France, Italy, the Netherlands, the United Kingdom and the United States and there may also be other restrictions as required in connection with the offering and sale of the Notes. See *Subscription and Sale*. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger and the Lead Manager to inform themselves about and to observe any such restriction.

## 1.5 Credit Structure

- Available Funds:** The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives, if any, under the Swap Agreement, drawings from the Reserve Account and amounts credited to the Issuer Collection Account, to make payments of, among other things, principal and interest due in respect of the Notes.
- Priority of Payments:** The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see Section 5 (*Credit Structure*) below) and payment of principal and interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class RS Notes Interest Amount and principal to the Class RS Notes will be subordinated to payment of principal and interest under the Class A Notes and limited as more fully described herein in Section 4.1 (*Terms and Conditions*) and Section 5 (*Credit Structure*).
- Swap Agreement:** On the Signing Date, the Issuer will enter into a Swap Agreement with the Swap Counterparty to hedge the interest rate risk between (a) the interest to be received by the Issuer on the Fixed Rate Mortgage Receivables and (b) the floating rate of interest due and payable by the Issuer on the Floating Rate Notes. See further section 5 (*Credit Structure*) below.
- Issuer Accounts:** The Issuer shall maintain with the Issuer Account Bank the following accounts:
- (i) Issuer Collection Account: an account to which all amounts received (i) in respect of the Mortgage Receivables on each Mortgage Collection Payment Date from the Collection Foundation Account and (ii) from any other parties will be credited;
  - (ii) Reserve Account: an account to which on the Closing Date from the proceeds of the Class RS Notes the Initial Reserve Account Required Amount will be credited. If and to the extent that the Available Revenue Funds calculated on a Notes Calculation Date are in excess of the amounts required under items (f), (i), (l), (o) and (r) of the Revenue Priority of Payments, such excess amount will be used to replenish the Reserve Account by crediting such amount, to the Reserve Account up to the Initial Reserve Account Required Amount until the Amortisation Condition is met or up to the Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
  - (iii) Construction Deposit Account: an account into which an amount equal to the Aggregate Construction Deposit Amount as at the Cut-Off Date will be credited on the Closing Date or, thereafter, in case of purchase of any Further Advance Receivables or New Ported Mortgage Receivables having a Construction Deposit attached to them, an amount equal to the Construction Deposit Amount relating to such Further Advance or New Ported Mortgage Loan on any Business Day;
  - (iv) Sold Property Portable Mortgage Account: an account for the purpose of facilitating portability of mortgage loans (*meeneemregeling*) pursuant

to the Seller's Mortgage Conditions. If the sale of the Old Mortgaged Asset and the subsequent purchase of the New Mortgaged Asset happen within the same Mortgage Calculation Period the principal proceeds received by the Collection Foundation for the benefit of the Issuer on the Collection Foundation Account in relation to the redemption of the relevant Portable Mortgage Loan will be applied to purchase and accept assignment of the related New Ported Mortgage Receivables. If the sale of the Old Mortgaged Assets takes place prior to the purchase of the New Mortgaged Asset but they do not happen in the same Mortgage Calculation Period, the Collection Foundation Administrator on behalf of the Issuer will deposit the principal repayment amount of the relevant Portable Mortgage Loan in the Sold Property Portable Mortgage Account (such deposited amount being, the **Available Portability Deposit Amount**). The Available Portability Deposit Amount does not form part of the Available Principal Funds and shall be applied towards the purchase and acceptance of assignment of the related New Ported Mortgage Receivable in a subsequent Mortgage Calculation Period; and

- (v) Further Advance and Unsold Property Portable Mortgage Account: Provided that the Further Advance Purchase Conditions or the New Ported Mortgage Receivables Purchase Conditions, as the case may be, have been met, the Issuer Administrator, on behalf of the Issuer, will apply the Available Principal Funds to credit the Further Advance and Unsold Property Portable Mortgage Account for an amount equal to the lower of (a) the sum of (i) the amount standing to the balance of the Further Advance and Unsold Property Portable Mortgage Account at the immediately preceding Notes Payment Date and (ii) the amount of unscheduled principal prepayments or repayments in respect of the Mortgage Receivables in the immediately preceding Notes Calculation Period, and (b) the product of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables at the end of the immediately preceding Notes Calculation Period and (ii)  $1 - (1 - 2.5\%)^{(1/4)}$  (quarterly equivalent of 2.5 per cent. CPR), provided that on the first Notes Payment Date the Further Advance and Unsold Property Portable Mortgage Account will be credited for an amount equal to the lower of (a) the unscheduled principal prepayments or repayments in respect of the Mortgage Receivables in the immediately preceding Notes Calculation Period and (b) the product of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables at the end of the immediately preceding Notes Calculation Period and (ii)  $1 - (1 - 2.5\%)^{(1/4)}$  (quarterly equivalent of 2.5% CPR) (the **Available Further Advance and Unsold Property Portable Mortgage Deposit Amount**). The Available Further Advance and Unsold Property Portable Mortgage Deposit Amount will be used by the Issuer (i) to facilitate portability of mortgage loans (*meeneemregeling*) pursuant to the Seller's Mortgage Conditions in case the sale of the Old Mortgaged Asset takes place after the purchase of the New Mortgaged Asset and (ii) to purchase and accept assignment of any Further Advance Receivables resulting from Further Advances granted by the Seller to a Borrower provided that the New Ported Mortgage Receivables Purchase Conditions or the Further Advance Purchase Conditions, as the case may be, have been met.



<b>Issuer Account Agreement:</b>	On the Signing Date, the Issuer will enter into the Issuer Account Agreement with the Security Trustee and the Issuer Account Bank, under which the Issuer Account Bank agrees to pay a guaranteed interest rate determined by reference to EONIA or Euribor less a margin, on the balance standing to the credit of each of the Issuer Accounts from time to time. See Section 5 ( <i>Credit Structure</i> ).
<b>Swap Collateral Custodian Agreement and Swap Collateral Accounts:</b>	On the Signing Date, the Issuer will enter into the Swap Collateral Custodian Agreement with the Security Trustee and the Swap Collateral Custodian, pursuant to which the Issuer shall maintain with the Swap Collateral Custodian the Swap Collateral Accounts: accounts to which any collateral in the form of cash and securities pursuant to the Swap Agreement will be transferred.
<b>Collection Foundation Account:</b>	All payments made by the Borrowers in respect of the Mortgage Loans will be paid or have been directed to be paid into the Collection Foundation Account.
<b>Collection Foundation Account Pledge Agreement:</b>	The pledge agreement between amongst others the Issuer, the Security Trustee, the Collection Foundation and the Seller dated 15 March 2016 which was entered into subject to the agreement that future funders of the Seller and issuers in securitisation (or similar) transactions initiated by the Seller will also have the benefit of a first ranking right of pledge. The parties to the Collection Foundation Account Pledge Agreement agree to cooperate to facilitate such security.
<b>Receivables Proceeds Distribution Agreement:</b>	The amended and restated receivables proceeds distribution agreement between amongst others the Issuer, the Security Trustee, the Collection Foundation and the Seller dated on or about the Closing Date.
<b>Administration Agreement:</b>	Under the Administration Agreement between the Issuer, the Issuer Administrator, the Security Trustee and the Portfolio Manager, 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 to certain governmental authorities if and when requested.
<b>Portfolio Management Agreement:</b>	Under the Portfolio Management Agreement between the Issuer, the Security Trustee and the Portfolio Manager, the Portfolio Manager will agree to provide certain portfolio management services to the Issuer on a day-to-day basis, including without limitation, resetting of interest rates in relation to the Mortgage Loans and ongoing credit management services in respect of the Mortgage Loans.
<b>Interest Rate Reset Agreement:</b>	Under the Interest Rate Reset Agreement between the Issuer, the Security Trustee, the Portfolio Manager, the Issuer Administrator, the Swap Counterparty, the Seller and the Back Swap Provider certain arrangements in connection with the determination and setting of the Mortgage Interest Rates on behalf of the Issuer until the occurrence of a Seller Interest Reset Termination Event and with effect from and including the occurrence of a Seller Interest Reset Termination Event will be made.

## 1.6 Portfolio Information

The numerical information set out below relates to the Pool as of the Cut-Off Date. Therefore, not all of the information set out below in relation to the Pool may necessarily correspond to the details of the Mortgage Receivables as at the Closing Date. Furthermore, after the Closing Date, the portfolio will change from time to time as a result of the repayment, prepayment, amendment, and repurchase of Mortgage Receivables and purchases of Further Advance Receivables and New Ported Mortgage Receivables. The Mortgage Loans have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement.

### Key Characteristics:

Principal balance	275,524,704.03
Value of Saving Deposits	0.00
Net principal balance	275,524,704.03
Construction Deposits	1,297,222.38
Net principal balance excl. Construction and Saving Deposits	274,227,481.65
Negative balance	0.00
Net principal balance excl. Construction and Saving Deposits and Negative Balance	274,227,481.65
Number of loans	880
Number of loanparts	1,772
Number of negative loanparts	0.00
Average principal balance	313,096.25
Weighted average current interest rate	3.34
Weighted average maturity (in years)	29.21
Weighted average remaining time to interest reset (in years)	17.11
Weighted average seasoning (in years)	0.38
Weighted average CLTOMV	98.41
Weighted average CLTIMV	96.84
Weighted average CLTIFV	113.93
Weighted average OLTOMV	99.18

**Mortgage Loans:** The Mortgage Loans have been originated by the Seller (or the Elan Servicer acting on its behalf as agent) and have been granted by the Seller to the Borrowers in connection with the purchase of residential properties in the Netherlands.

All Mortgage Loans are secured by a first ranking or a first and sequentially lower ranking mortgage right which 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 fees.

A Mortgage Loan may consist of one or more Loan Parts, if so agreed between the Borrower and the Seller (or the Elan Servicer acting on its behalf as agent). If a Mortgage Receivable to be assigned to the Issuer on the Closing Date results from a Mortgage Loan consisting of one or more Loan Parts, the Seller shall sell and assign

and the Issuer shall purchase and accept the assignment of all, but not some, Mortgage Receivables arising under Loan Parts of such Mortgage Loan at the Closing Date. See further Section 6.2 (*Description of Mortgage Loans*).

The Pool will consist of Linear Mortgage Loans (*lineaire hypotheken*), Annuity Mortgage Loans (*annuïteiten hypotheken*), Interest-only Mortgage Loans (*aflossingsvrije hypotheken*) or combinations of these types of loans as further described below.

The Mortgage Loans meet the criteria set forth in the Mortgage Receivables Purchase Agreement and the statements and criteria set out in Section 7.2 (*Representations and Warranties*) and Section 7.3 (*Mortgage Loan Criteria*). The Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Floating Rate Notes.

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date result from these Mortgage Loans.

**Linear Mortgage Loans:** A portion of the Mortgage Loans (or Loan Parts) will be in the form of Linear Mortgage Loans. 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.

**Annuity Mortgage Loans:** A portion of the Mortgage Loans (or Loan Parts) will be in the form of Annuity Mortgage Loans. Under an 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.

**Interest-only Mortgage Loans:** A portion of the Mortgage Loans (or Loan Parts) will be in the form of 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 until the maturity of such Mortgage Loan. Interest is payable monthly and is calculated based on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans from which Mortgage Receivables result may have been granted up to an amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination with the exception of four Mortgage Loans with an aggregate Principal Amount Outstanding of Loan Parts that exceeded the 50 per cent. Market Value in an amount equal to EUR 729,764 as at the Cut-Off Date.

**Rate of interest and reset of rate of interest:** The Mortgage Loans may have a floating rate of interest or a fixed rate of interest. If any Mortgage Loan has a fixed rate of interest, the terms and conditions of that Mortgage Loan provide that the interest rate applicable to that Mortgage Loan shall be reset from time to time.

The Issuer will authorise (i) up to the occurrence of a Seller Interest Reset Termination Event, the Seller and (ii) after the occurrence of a Seller Interest Reset Termination Event, the Portfolio Manager, to reset the Mortgage Interest Rates in respect of the Mortgage Receivables for the account of the Issuer.

Each of the Seller and the Portfolio Manager shall determine the Mortgage Interest Rates in respect of any Mortgage Receivable for the purpose of any reset in accordance with the relevant Interest Rate Policy.

The Seller Interest Rate Policy consists of three key pillars of which the Seller is required to comply with and take account of, in connection with its setting and resetting of interest rates, which are: (1) compliance with applicable laws and regulations and the terms and conditions of the Mortgage Loans; (2) consideration of the Seller's, the Issuer's and any other Elan Issuer's weighted average cost of capital, operating costs and cost of credit; and (3) comparison with the rates set by other market participants.

The Portfolio Manager Interest Rate Policy is in all material respects identical to the Seller Interest Rate Policy, other than that the Portfolio Manager is required to reset the Mortgage Interest Rates by reference only to the Issuer's weighted average cost of capital, operating costs and reasonable estimate of cost of credit to prevent the Issuer from making losses, whereas the Seller Interest Rate Policy requires the Seller to reset the Mortgage Interest Rates by reference to each of the Seller's, the Issuer's or any Elan Issuer's (as applicable) weighted average cost of capital, operating costs and reasonable estimate of cost of credit to ensure no party incurs any loss.

The Seller or the Portfolio Manager, as the case may be, will receive the proposed Mortgage Receivable Swap Rates prior to any proposed interest rates being offered to the relevant Borrower. Such Mortgage Receivable Swap Rates are a key input in respect of any proposed reset of any Fixed Rate Mortgage Receivable and hence a key input into the calculation of the Issuer's weighted average cost of capital. Further details of the Interest Reset Policies and the interest rate reset procedures are more particularly described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*). See also the risk factor in Section 2 *Risks relating to the procedure for resetting interest rates in respect of Mortgage Receivables purchased by the Issuer*.

**Mortgage Loan Features:** *Construction Deposits*

The Mortgage Loans (including Further Advances and New Ported Mortgage Loans) may have associated Construction Deposits, whereby part of the Mortgage Loan is withheld by the Seller and will only be disbursed by the Seller at a later date, subject to satisfaction of certain conditions, so that the Borrower can apply the proceeds towards construction of, or improvements to, the Mortgaged Asset relating to the Mortgage Loan. A disbursement from the Construction Deposit will only be made against delivery of invoices and other relevant documentation satisfactory to the Seller.

*Further Advances*

A Borrower may ask the Seller to grant a Further Advance, which is a loan to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage or by a second or sequentially lower priority Mortgage as the loan previously disbursed under the Mortgage Loan. The Seller will consider such request for a Further Advance against the then applicable acceptance criteria. A Further Advance may carry a different interest rate compared to the original Mortgage Loan and may also have a different maturity. Otherwise, the same Mortgage Conditions apply to a Further Advance.

Further Advances include: (a) further advances made under a Mortgage Loan which will be secured by the same Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoogde inschrijving*), (b) further advances made under a Mortgage Loan which will be secured by a second or sequentially lower priority Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoging*) or (c) a withdrawal of moneys which were previously repaid to redeem the Mortgage Loan (*heropname*).

#### *Portable Mortgage Loans*

The Seller may in the future offer to the Borrowers of the Mortgage Loans of which the resulting Mortgage Receivables are purchased by the Issuer, the flexibility to “port” their existing Mortgage Loan to a new property. Once this optionality is granted to Borrowers, the portability feature can be exercised by a Borrower in two different manners, depending on whether (i) the Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset or (ii) the Borrower has not sold its Old Mortgaged Asset yet prior to the purchase of its New Mortgaged Asset, in which case the Borrower must sell its Old Mortgaged Asset within a period of up to twelve months of its purchase of the New Mortgaged Asset. The Seller will consider a request for a New Ported Mortgage Loan against the then applicable acceptance criteria and the then applicable Mortgage Conditions shall apply.

These Mortgage Loan features are more particularly described in Section 6.2 (*Description of Mortgage Loans*).

## 1.7 Portfolio Documentation

### **Mortgage Receivables Purchase Agreement and Purchase of Mortgage Receivables:**

In accordance with the terms of the Mortgage Receivables Purchase Agreement, the Issuer (i) will purchase and on the Closing Date accept the assignment of the Mortgage Receivables together with, to the extent legally possible, the Beneficiary Rights relating thereto selected to be part of the Pool as at the Cut-Off Date (including any parts thereof corresponding with amounts placed on Construction Deposits of the Seller against certain Borrowers under or in connection with certain selected Mortgage Loans (which may consist of one or more Loan Parts) originated by the Seller (or Elan Servicer acting on its behalf as agent) and which are secured by a first or a first and sequential ranking Mortgage and (ii) will, subject to the Further Advance Purchase Conditions (which includes the Issuer needing to have sufficient funds available on the Further Advance and Unsold Property Portable Mortgage Account to pay the relevant Initial Purchase Price) or, if applicable, the New Ported Mortgage Receivables Purchase Conditions, as the case may be, having been met, purchase and accept the assignment of eligible Further Advance Receivables and New Ported Mortgage Receivables on certain later dates.

The Seller has the benefit of Beneficiary Rights which entitles the Seller to receive final payment under the relevant Risk Insurance Policies in certain circumstances upon the death of the insured, such payment to be applied towards redemption of the Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment to the extent legally possible.

On the Closing Date, the Seller will transfer the legal title to the Mortgage Receivables to the Issuer, by way of undisclosed assignment (*stille cessie*), by means of a private deed of assignment which is registered on the Closing Date with the Dutch tax authorities. See Section 6.3 (*Origination and Servicing*) below.

### **Purchase of Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement provides that (i) the Seller will offer any Further Advance Receivable for sale to the Issuer promptly after the day on which the relating Further Advance has been disbursed to the Borrower and (ii) the Issuer shall use the balance available on the Further Advance and Unsold Property Portable Mortgage Account to purchase and accept assignment of any Further Advance Receivables resulting from Further Advances granted by the Seller to a Borrower provided that the Further Advance Purchase Conditions have been satisfied.

The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivable shall be the Outstanding Principal Amount of such Further Advance Receivable on the date of granting of the related Further Advance.

### **Purchase of New Ported Mortgage Receivables:**

The portability feature can be exercised by a Borrower in two different manners, depending on whether (i) the Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset or (ii) the Borrower has not sold its Old Mortgaged Asset yet prior to the purchase of its New Mortgaged Asset, in which case the Borrower must sell its Old Mortgaged Asset within a period of up to twelve months of its purchase of the New Mortgaged Asset.

*Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset*

If the Borrower relating to any Mortgage Loan wishes to exercise the portability feature (*meeneemregeling*) whereby the Old Mortgaged Asset is sold prior to the purchase of the New Mortgaged Asset, it will be required to notify the Servicer of its intention to redeem the Mortgage Loan and its intention to take out a New Ported Mortgage Loan prior to the redemption of that Mortgage Loan (which coincides with the sale of the Old Mortgaged Asset). The sale of the Old Mortgaged Asset and the purchase of the New Mortgaged Asset in respect of the Mortgage Loan will have to be executed within a period of no more than six months of each other.

If the sale of the Old Mortgaged Asset and the subsequent purchase of the New Mortgaged Asset happen within the same Mortgage Calculation Period the principal proceeds received by the Collection Foundation for the benefit of the Issuer in relation to the redemption of the Mortgage Loan on the Collection Foundation Account will be applied to purchase and accept assignment of the related New Ported Mortgage Receivable. Any remaining principal proceeds in respect of the relevant Portable Mortgage Receivable will be credited on each Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds. If the sale does not happen in the same Mortgage Calculation Period, the Issuer Administrator on behalf of the Issuer will deposit the principal proceeds received by it in relation to the prepayment of the Portable Mortgage Loan in the Sold Property Portable Mortgage Account. The Issuer will apply the relevant funds deposited on the Sold Property Portable Mortgage Account outside of the Redemption Priority of Payments to purchase and accept assignment (if required in advance) of the New Ported Mortgage Receivable if the related New Ported Mortgage Loan was granted within six months after the deposit was made on the Sold Property Portable Mortgage Account provided that the New Ported Mortgage Receivable is offered and originated by the Seller (or the Elan Servicer acting on its behalf as agent). If the related New Ported Mortgage Loan has not been granted within six months after the deposit was made on the Sold Property Portable Mortgage Account, such deposit will be credited on the immediately succeeding Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds.

*Borrower has not sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset*

For Portable Mortgage Receivables whereby the New Mortgaged Asset is purchased prior to the sale of the Old Mortgaged Asset being exercised, the Borrower will be required to notify the Servicer of its intention to take out a New Ported Mortgage Loan. The purchase of the New Mortgaged Asset and the sale of the Old Mortgaged Asset have to be executed within a period of up to twelve months of each other. Therefore, the Borrower may have two Mortgage Loans outstanding with the Seller, in each case secured against separate Mortgaged Assets.

If the purchase of the New Mortgaged Asset takes place prior to the sale of the Old Mortgaged Asset, the purchase and assignment of the New Ported Mortgage Receivable will be funded by a drawing under the Further Advance and Unsold Property Portable Mortgage Account and any subsequent prepayments relating to the old Portable Mortgage Loan will be used as Available Principal Funds.

The Mortgage Receivables Purchase Agreement provides that the Seller will offer for sale any New Ported Mortgage Receivable to the Issuer promptly after the day on which the relating New Ported Mortgage Loan has been disbursed to the Borrower.

The purchase of any New Ported Mortgage Receivable by the Issuer shall be subject to New Ported Mortgage Receivables Purchase Conditions being met.

**Repurchase of  
Mortgage  
Receivables:**

The Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable including all rights relating to separate Loan Parts and the Beneficiary Rights relating thereto, in whole but not in part in accordance with the Mortgage Receivables Purchase Agreement by no later than the immediately following Mortgage Collection Payment Date falling on the fifth Business Day of the relevant Mortgage Calculation Period:

- (i) if on the date on which the Seller wishes to sell to the Issuer any Further Advance Receivable related to such Mortgage Receivable, the Further Advance Purchase Conditions are not satisfied in full;
- (ii) if on the date on which the Seller wishes to sell to the Issuer any New Ported Mortgage Receivable related to such Mortgage Receivable, the New Ported Mortgage Receivables Purchase Conditions are not satisfied in full; or
- (iii) if the Seller agrees with a Borrower to an amendment of the terms of a Mortgage Loan, or part of such Mortgage Loan related to such Mortgage Receivable and the Mortgage Loan subsequently fails to meet the Mortgage Loan Criteria or such amendment materially adversely changes the position of the Issuer or the Security Trustee (A) *vis-à-vis* the relevant Borrower or (B) under the transaction as envisaged in the Mortgage Receivables Purchase Agreement, provided that if such amendment is made (x) as part of the foreclosure procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (y) in order to comply with any applicable law, the Seller shall not be required to repurchase and accept re-assignment of the relevant Mortgage Receivable.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable, together with due and unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such sale and assignment).

Each of the Secured Creditors (other than the Seller) and the Issuer has agreed that it will not take any action to wind up the Seller or initiate similar proceedings. This may affect the ability of the Issuer to exercise effectively certain rights under the Mortgage Receivables Purchase Agreement. The Elan Lender is under no obligation to put the Seller in funds for the purposes of funding a repurchase or otherwise. Therefore, in the event that the Seller is required to repurchase Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, the Seller may have no or limited funds



available to it to effect a repurchase of the relevant Mortgage Loan or a payment in lieu of such repurchase as a result of which the Seller might not be able to repurchase such Mortgage Receivables, which may have an adverse effect on the Issuer's ability to make payments on the Notes.

**Breach of Mortgage Loan Criteria and representations and warranties:**

Prospective Noteholders should be aware that the Seller has been set up as a thinly capitalised vehicle to originate mortgage loans in the Netherlands. Consequently, it has no or limited sources of funds available to it and its obligations under the Transaction Documents are limited recourse obligations. As long as the Elan Credit Facility is in place, the Seller may, as long as it originates mortgage loans (including further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility.

As a consequence of the Elan Servicer's role with respect to the origination of mortgage loans on behalf of the Seller (including, the Mortgage Loans from which the Mortgage Receivables result ), the Seller shall not be liable against the Issuer for any breach of Mortgage Loan Criteria (including, but not limited to, any Key Representation) or other representation and warranty made in respect of any Mortgage Receivable, but the Elan Servicer will – subject to certain limitations – be liable for any claim made by the Issuer or the Security Trustee in respect of any breach of any Mortgage Loan Criteria (including, but not limited to, any Key Representation) or of any other representations or warranties made in respect of any Mortgage Receivable. The liability of the Elan Servicer is limited as follows:

The Quion Parties have capped their aggregate liability which can be incurred towards each of the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) and each Elan Issuer taken as a whole. Other than in the case of gross negligence, fraud or wilful misconduct of any of the Quion Parties, the liability of the Quion Parties to pay the Compensation Payments is subject to a limit of (i) EUR 1,000,000 per claim for each Quion Party and (ii) an aggregate amount of EUR 5,000,000 per calendar year for the Quion Parties, jointly. The liability caps may be restated as a higher amount upon written notification by the Quion Parties to the Issuer.

The Quion Parties' liability is also subject to a first loss amount, except in the case of fraud, wilful misconduct or gross negligence, which shall be deducted from the aggregate amount for which the Quion Parties are liable to the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) or any relevant Elan Issuer in each calendar year.

Neither the Seller nor the Elan Servicer is liable for any breach of Mortgage Loan Criteria or other representation and warranty made in respect of any Mortgage Receivable caused by a failure of a civil law notary to validly vest a mortgage. For any such failure, the Elan Servicer will claim (i) remedy or (ii) if no remedy is possible, damages from such civil law notary on behalf of the Issuer.

See further risk factor *Liability of Quion Parties to pay Compensation Payments is limited* in Section 2 (*Risk Factors*) and Section 7.1 (*Purchase, Repurchase and Sale*) for further information.

**Exercise of Portfolio Call**

Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell all (but not some only) of the Mortgage Receivables if the Portfolio

<b>Option / Tax Call Option and the related sale of Mortgage Receivables:</b>	<p>Call Option is exercised by the Majority RS Noteholder (in accordance with Condition 6(d)).</p> <p>The purchase price payable by the Majority RS Noteholder on or before the relevant Optional Redemption Date will be equal to the amount required to enable the Issuer, taking into account the amounts standing to the credit of the Issuer Transaction Accounts (excluding the Reserve Account), and any other funds available to the Issuer, to (I) redeem all of the Floating Rate Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension Payment Amount and any Principal Deficiencies) on such Floating Rate Notes, (II) pay any amounts required under item (a) up to and including (c) (which shall include any costs and expenses of the Issuer in relation to the exercise by the Majority RS Noteholder of the Portfolio Call Option) of the Post-Enforcement and Call Option Exercise Priority of Payments on such Optional Redemption Date, (III) pay any fees, costs and expenses due and payable in relation to the liquidation of the Issuer and (IV) make any Net Swap Payment (which includes any termination payments payable under the Swap Agreement) on such Optional Redemption Date.</p> <p>Pursuant to the Trust Deed, the Issuer has the right to sell all (but not some only) of the Mortgage Receivables if the Tax Call Option is exercised by it (in accordance with Condition 6(f)), provided that the Issuer shall apply the proceeds of such sale to redeem the Notes.</p> <p>The purchase price to be received by the Issuer in the event of a sale by the Issuer upon exercise of the Tax Call Option must be at least equal to the Tax Call Option Minimum Required Purchase Price.</p>
<b>Servicing Agreement:</b>	<p>Under the Servicing Agreement, (i) the Servicer will agree to provide mortgage payment administration and the other services as agreed in the Servicing 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 Receivables and (ii) the Servicer will agree to implement arrears procedures including, if applicable, the enforcement of mortgages (see further Section 7.4 (<i>Servicing Agreement</i>)).</p>
<b>Portfolio Management Agreement:</b>	<p>Under the Portfolio Management Agreement between the Issuer, the Security Trustee and the Portfolio Manager, the Portfolio Manager will agree to provide certain portfolio management services to the Issuer on a day-to-day basis, including without limitation, resetting of interest rates in relation to the Mortgage Loans and ongoing credit management services in respect of the Mortgage Receivables (see further Section 3.7 (<i>Portfolio Manager</i>)).</p>

## **1.8 General**

### **Management Agreements:**

Each of the Issuer, the Security Trustee and the Shareholder have entered into a Management Agreement with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee and the Shareholder, and to perform certain services in connection therewith.

## **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. The Issuer, the Arranger and the Lead Manager make no representation 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 obligations under the Notes will be solely the responsibility of the Issuer**

The obligations under the Notes will be solely the responsibility of the Issuer. The Notes will not create obligations for, be the responsibility of, or be guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Swap Counterparty, the Portfolio Manager, the Servicer, the Elan Lender, the Elan Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Lead Manager, the Arranger, the Issuer Account Bank, the Swap Collateral Custodian and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Swap Counterparty, the Servicer, the Elan Lender, the Elan Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Manager, the Issuer Account Bank, the Swap Collateral Custodian and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Swap Counterparty, the Portfolio Manager, the Servicer, the Elan Lender, the Elan Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Lead Manager, the Arranger, the Issuer Account Bank, the Swap Collateral Custodian and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances where such additional funds are required to be provided pursuant to the Transaction Documents, such as the payments due under the Swap Agreement by the Swap Counterparty).

#### **The Issuer has limited resources available to meet its obligations**

The ability of the Issuer to meet its obligations in full to pay principal and interest, if any, on the Notes will be dependent solely on (a) its receipt of funds under the Mortgage Receivables and the Beneficiary Rights relating thereto, (b) the proceeds of any sale of Mortgage Receivables, (c) receipt of amounts under the Swap Agreement, (d) drawings under the Reserve Account and (e) its receipt of interest in respect of the balance standing to the credit of the Issuer Accounts. The Issuer does not have any other resources or liquidity support features available to it to meet its obligations under the Notes. See Section 5 (*Credit Structure*) below.

Consequently, the Issuer may be unable to recover fully (and/or in a timely manner) the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

## **Different capacities of Quion Parties and liability of Quion Parties to pay Compensation Payments is limited**

Quion acts in different capacities under the Transaction Documents, including as Servicer, Elan Servicer and Collection Foundation Administrator. Quion in acting in such capacities in connection with such transactions shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interests could arise between the various roles of Quion and that Quion has no implicit or explicit obligation or duty to act in the best interests of the Noteholders when performing its various functions.

The Issuer has been advised that, as a matter of Dutch law, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like Quion) is acting with other parties (such as the Security Trustee and the Issuer).

Quion Services B.V. and Quion Groep B.V. (together, the **Quion Parties**) have undertaken to perform certain services on behalf of each of the Seller and the Issuer and are expected to perform similar services for other Elan Issuers. The Quion Parties will accordingly be liable with respect to the performance of their services on behalf of each of the Issuer, the Seller and any relevant Elan Issuer and also with respect to the breach of certain representations and warranties relating to mortgage loans originated by the Seller (whether or not those mortgage loans have been securitised).

The Quion Parties have capped their aggregate liability which can be incurred towards each of the Issuer, the Seller the Elan Lender (or any of its affiliates or nominees) and each Elan Issuer taken as a whole. Other than in case of gross negligence, fraud or wilful misconduct of any of the Quion Parties, the liability of the Quion Parties to pay the Compensation Payments is subject to a limit of (i) EUR 1,000,000 per claim for each Quion Party and (ii) an aggregate amount of EUR 5,000,000 per calendar year for the Quion Parties, jointly. The liability caps may be restated as a higher amount upon written notification by the Quion Parties to the Issuer.

The above liability limits apply (A) to any and all claims made by the Seller, the Issuer, the Elan Lender (or any of its affiliates or nominees) and any relevant Elan Issuer against either Quion Party (other than in case of gross negligence, fraud or wilful misconduct of such Quion Party) and (B) to all liability which the Quion Parties may have towards the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) or any Elan Issuer in respect of the performance of their services to those parties, including without limitation their services in connection with the origination, administration and servicing of mortgage loans and admitted institution services (in the case of Quion Groep B.V.).

All Compensation Payments relating to the claims of the relevant parties referred to above will be paid by the Quion Parties and credited to the Compensation Ledger of the Collection Foundation Account for distribution at the end of each calendar year, but the amount standing to the credit of the Compensation Ledger in any year will never exceed EUR 5,000,000.

The Quion Parties' liability is also subject to a first loss amount in each calendar year, except in the case of fraud, wilful misconduct or gross negligence, which shall be deducted from the aggregate amount for which the Quion Parties are liable to the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) and any other relevant Elan Issuer in that calendar year. The amount of the first loss is calculated by reference to the aggregate principal amount outstanding of the aggregate portfolio of mortgage loans originated by the Seller whether owned by the Issuer, the Seller or any other Elan Issuer, on the last day of the relevant calendar year and shall be charged as follows:

Aggregate principal amount outstanding of the portfolio:	Aggregate amount of first loss per calendar year:
€0 – 100 million	€30,000
€100 – 200 million	€60,000
€200 – 300 million	€90,000
€300 – 400 million	€120,000
€400 – 500 million	€150,000
€500 million or more	€150,000 plus €30,000 per €100 million portfolio exceeding €500 million.

Neither the Seller nor the Elan Servicer is liable for any breach of Mortgage Loan Criteria or other representation and warranty made in respect of any Mortgage Receivable caused by a failure of a civil law notary to validly vest a mortgage. For any such failure, the Elan Servicer will claim (i) remedy or (ii) if no remedy is possible, damages from such civil law notary on behalf of the Issuer.

Consequently, the Issuer may be unable to recover fully (and/or in a timely manner) the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, the shortfall will be debited to the Principal Deficiency Ledger and as such will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments (see further Section 7.1 (*Purchase, Repurchase and Sale*)).

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

Counterparties of the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations under the Notes, including any payments on the Notes.

#### **Risk that the ratings of the counterparties change**

Certain counterparties of the Issuer are required to have a certain minimum rating pursuant to the Transaction Documents and if the rating of such counterparty falls below such rating, remedial actions are required to be taken, which may, for example, entail posting of collateral and/or the replacement of such counterparty. If a replacement counterparty must be appointed or another remedial action must be taken, it cannot be certain that a replacement counterparty will be found which complies with the criteria or is willing to perform such role, or that such remedial action will be available. In addition, such replacement or action when taken, may lead to higher costs and expenses, as a result of which the Issuer may have insufficient funds to pay its liabilities in full. Moreover, a deterioration of the credit quality of any of the Issuer's counterparties, a downgrade of any of their credit ratings and/or a failure to take remedial actions could have an adverse effect on the credit rating assigned to, and/or the value of, the Notes.

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

Under and 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 Dutch law to pledgees notwithstanding any bankruptcy of, or suspension of payments by, 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, but prior to notification of the pledge to the Security Trustee, and after the bankruptcy of, or suspension of payments by, the Issuer, will form part of the bankruptcy estate of the Issuer, although the Security Trustee shall have the right to recover 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 (*uitwinnen*) 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 receivables cannot be invoked against the estate of the Issuer, if such future receivables come into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Issuer Transaction Accounts following the Issuer’s bankruptcy or suspension of payments.

In view of the foregoing, the effectiveness of the rights of pledge to the Security Trustee may be limited in case of insolvency of the Issuer.

In addition thereto, it is noted that pursuant to the Swap Collateral Custodian Agreement a first ranking security interest will be created over the Swap Collateral Accounts in favour of depositories of the Swap Collateral Custodian Bank if prescribed by any applicable law. This might have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has, in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt, or on the question of whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also Section 4.7 (*Security*)). However, the Issuer holds the view that a parallel debt, such as the Parallel Debt, creates thereunder a claim in favour of the Security Trustee which can be validly secured by rights of pledge such as the rights of pledge created by the Pledge Agreements and the Deed of Assignment and Pledge.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee shall not be, in the case of an insolvency of the Security Trustee, separated from the Security Trustee’s estate. The Secured Creditors therefore incur a credit risk on the Security Trustee, which could lead to losses under the Notes.

### **Fixed charges may take effect under English law as floating charges over the Swap Collateral Accounts**

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment or assignation in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Swap Collateral Accounts. If the charges take effect as

floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to the Swap Counterparty or the Secured Creditors, as the case may be. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

### **Risks related to license requirement under the Wft**

Under the Wft a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Servicer. The Servicer holds a license as offeror of credit (*aanbieder van krediet*) and intermediary (*bemiddelaar*) under the Wft and the Issuer thus benefits from the exemption. If the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or, alternatively, will need to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. In the event that the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, additionally, does not hold a license itself, the Issuer will have to terminate its activities and may have to sell the Mortgage Receivables, which could lead to losses under the Notes.

### **Risk related to the Swap Agreement**

On the Signing Date, the Issuer will enter into the Swap Agreement with the Swap Counterparty and the Security Trustee to hedge the risk of a mismatch between the rates of interest to be received by the Issuer on the Fixed Rate Mortgage Receivables and the rate of interest payable by the Issuer on the Floating Rate Notes. The Issuer's income from the Fixed Rate Mortgage Receivables will be based on fixed rates of interest, and will not directly match (and may in certain circumstances be less than) the amount it is obliged to pay in respect of the floating rate of interest due under the Floating Rate Notes. Accordingly, the Issuer will depend upon payments made by the Swap Counterparty to assist it in making interest payments on the Floating Rate Notes on each Notes Payment Date on which a net payment is due from the Swap Counterparty to the Issuer under the Swap Agreement.

The rate of interest payable by the Issuer under the Swap Agreement will be the weighted average of the Mortgage Receivable Swap Rates in respect of each Fixed Rate Mortgage Receivable (which includes each Further Advance Receivable and each New Ported Mortgage Receivable). Although the Seller and the Portfolio Manager will have regard to the Mortgage Receivable Swap Rates in respect of any proposed reset of any fixed rate applicable to any Fixed Rate Mortgage Receivable (or part thereof), any Proposed Interest Rate shall always be set subject to, and in accordance with, the applicable Interest Rate Policy and applicable laws, including, without limitation, principles of reasonableness and fairness, competition laws and the Mortgage Conditions. If the weighted average of the Mortgage Interest Rates at any time is lower than the Swap Fixed Rate at such time, the Available Revenue Funds at item (d) of the Revenue Priority of Payments



may be insufficient to make the required payments under the Swap Agreement and, as a result, a Swap Event of Default may occur in relation to the Issuer.

Should the Swap Counterparty fail to make any payment under the Swap Agreement, the Available Revenue Funds may be insufficient to make the required payments of interest on the Floating Rate Notes (and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Floating Rate Notes) if the rate of interest received by the Issuer on the Mortgage Receivables is lower than the rate of interest payable by it on the Floating Rate Notes. In these circumstances, the holders of the Floating Rate Notes may experience delays and/or reductions in the interest payments they are due to receive.

The Swap Notional Amount is determined on the Swap Notional Observation Date prior to the next succeeding Notes Calculation Period. As the principal balance of the Fixed Rate Mortgage Receivables during such Notes Calculation Period will amortise, a lower amount may be available to the Noteholders after any Net Swap Payment has been made by the Issuer under the Swap Agreement than if the Swap Notional Amount had exactly mirrored the amortisation of the Fixed Rate Mortgage Receivables during such Notes Calculation Period.

The floating rates on Floating Rate Mortgage Receivables are set on as per the first day of the calendar quarter on the basis of the 3 months Euribor rate at such time. The floating rates on the Floating Rate Notes are set as per two Business Days preceding the first day of each Interest Period on the basis of the 3 months Euribor rate at such time. Although the rates for each of the Floating Rate Mortgage Receivables and the Floating Rate Notes are determined by reference to the same reference rate, which is the three month Euribor rate, there is a risk that because each of those rates is set by reference to a different determination date as described above, the rate on the Floating Rate Mortgage Receivables may be lower on the date it is set than the rate set in respect of the Floating Rate Notes on another date. If this were to occur, the mismatch between the two rates may make it more difficult for the Issuer to satisfy all of its ongoing obligations under the Floating Rate Notes and/or reduce the rate of return under the Class RS Notes.

If the Swap Counterparty Floating Amount in respect of any Swap Payment Date is a negative amount (i.e. because Euribor for three month deposits is negative), the Issuer will be required to pay an amount equal to the absolute value of such Swap Counterparty Floating Amount to the Swap Counterparty. The Issuer will make such a payment by using the Available Revenue Funds at item (d) of the Revenue Priority of Payments and, if EURIBOR is more negative than the positive margin on the relevant class of Notes, the Issuer will not be compensated by a corresponding reduction in payments of interest to Noteholders of Floating Rate Notes or by payment from the Noteholders. If the Issuer is required to pay an amount equal to the absolute value of such Swap Counterparty Floating Amount to the Swap Counterparty, the Available Revenue Funds at item (d) of the Revenue Priority of Payments may be insufficient to make the required payments under the Swap Agreement and, as a result, a Swap Event of Default may occur in relation to the Issuer. The Swap Counterparty is 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 upon the occurrence of 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. If the transaction under the Swap Agreement is terminated, the Issuer may as a result be unable to meet its obligations under the Notes in full, with the result that the Noteholders may not receive all of the payments due to them in respect of the Notes. If the Issuer is required by law to make a withholding or deduction from any payment to be made to the Swap Counterparty under the Swap Agreement, the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty in respect of the amounts so required to be withheld or deducted.

In the event that the Swap Counterparty is downgraded below the required ratings (as set out in the Swap Agreement), the Issuer may terminate the Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions may include the Swap Counterparty collateralising its obligations under the Swap Agreement, transferring its obligations to a replacement swap counterparty having at least the required ratings or procuring that an entity with at least the required ratings becomes a co-obligor with, or guarantor of, the Swap Counterparty. However, in the event the Swap Counterparty is downgraded there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the Swap Counterparty's obligations.

The Swap Agreement may also be terminated if a Swap Event of Default or a Swap Termination Event (including a Swap Additional Termination Event) occurs. Swap Events of Default under the Swap Agreement in relation to the Issuer will be limited to (a) non-payment under the Swap Agreement, (b) certain insolvency events in respect of the Issuer and (c) Merger Without Assumption (as defined therein), whereas all Swap Events of Default under the Swap Agreement other than Credit Support Default (as defined therein), shall apply in relation to the Swap Counterparty, including non-payment under the Swap Agreement, and insolvency in respect of the Swap Counterparty. Swap Additional Termination Events in relation to the Issuer include (i) amendments to either the Revenue Priority of Payments or the Post-Enforcement and Call Option Exercise Priority of Payments, (ii) amendments to the Transaction Documents which would have a material adverse impact on the amount, timing or priority of payments due to be made by or to the Swap Counterparty, (iii) the sale or assignment of one or more of the Mortgage Receivables (other than as provided for in the Conditions or the Transaction Documents), (iv) amendments to the redemption rights in respect of the Notes, (v) notice having been given of the redemption of the Notes in full, and (vi) service of an Enforcement Notice on the Issuer.

In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general creditor of the Swap Counterparty and is consequently subject to the credit risk of the Swap Counterparty. To mitigate this risk, under the terms of the Swap Agreement, the Swap Counterparty is obliged to post collateral or implement an alternative remedy in accordance with the terms of the Swap Agreement in the event that the relevant required ratings of the Swap Counterparty are below certain levels while the Swap Agreement is continuing. However, no assurance can be given that sufficient collateral will be available to the Swap Counterparty such that it is able to post collateral in accordance with the requirements of the Swap Agreement.

If the Swap Agreement terminates the Issuer may be obliged to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. The amount of the termination payment will be based on the cost of entering into a replacement swap agreement on terms equivalent to the Swap Agreement. Any such termination payment could be substantial. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment due under the Swap Agreement. In addition, if such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

Notwithstanding that any termination payment will be based on the cost of entering into a notional replacement swap agreement and will rank in priority to payments due from the Issuer under the Notes as discussed above, such termination payment may be insufficient for the Issuer to buy a replacement swap. If the Swap Agreement terminates, the Issuer may be owed a termination payment from the Swap Counterparty which it will use to buy a replacement swap. The termination payment amount will be based on certain assumptions on the underlying Mortgage Receivables as further described in Section 5.2 (*Hedging*). There

can be no assurance that such termination payment will be sufficient or that the Issuer will otherwise have sufficient funds available to cover the cost of a replacement swap. If a replacement swap agreement is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including, amongst others, the Noteholders). The Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If the Issuer has insufficient funds to enter into a replacement swap for any period of time or a replacement swap counterparty cannot be found, the risk of a difference 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 Floating Rate Notes will not be hedged, and as a result, the Available Revenue Funds may be insufficient to make the required payments of interest on the Floating Rate Notes (and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Floating Rate Notes) if the rate of interest received by the Issuer on the Mortgage Receivables is substantially lower than the rate of interest payable by it on the Floating Rate Notes. In these circumstances, the holders of Notes may experience delays and/or reductions in the interest payments to be received by them. In addition, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Notes by the Credit Rating Agencies.

### **Costs in relation to replacement of Swap Collateral Custodian Agreement**

The Swap Collateral Custodian Agreement includes certain provisions governing the termination of the appointment of the Swap Collateral Custodian, including that the Swap Collateral Custodian will only be obliged to bear limited costs incurred by the Issuer in connection with the termination of the Swap Collateral Custodian Agreement and the replacement of the Swap Collateral Custodian. This might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

### **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "*flip clauses*"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Swap Counterparty subordinated payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. Such flip clause would be enforceable against the parties that have validly agreed thereto under Dutch law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or the Netherlands (including, but not limited to, the United States), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Dutch law governed Transaction Documents. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws

may be relevant in certain circumstances with respect to the Swap Counterparty given that the Swap Counterparty has assets and/or operations in the U.S. and notwithstanding that the Swap Counterparty is a non-U.S. established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or the Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Swap Counterparty subordinated payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English or Dutch courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

**Noteholders are receiving no assurance or guarantee, nor is any representation made to them, and they should make their own determinations and seek independent advice**

None of the Security Trustee, the Seller, the Portfolio Manager, the Servicer, the Issuer Administrator, the Elan Lender, the Arranger, the Lead Manager or any of their respective affiliates makes any assurance, guarantee, representation or warranty, express or implied, as to the expected or projected success, return, timing or amount of payments, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting, regulatory capital, legal investment or otherwise) to any Noteholder, and none of the foregoing parties will have a fiduciary relationship with respect to any Noteholder or prospective Noteholder. No Noteholder may rely on any such party for a determination of expected or projected success, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting, regulatory capital, legal investment or otherwise) with respect to any Noteholder in connection with the Notes. Each Noteholder will be required or deemed to represent that, among other things, it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors regarding investment in the offered certificates as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws and regulations.

**Bankruptcy of the Servicer may adversely affect (i) collections on the mortgage loans, (ii) the ability to replace the Servicer, and (iii) the indemnification in case of breach of the Mortgage Loan Criteria and certain representations and warranties relating to the Mortgage Receivables, which may ultimately lead to delays or reductions in distributions on, or other losses with respect to, the Notes**

If the Servicer were to go into bankruptcy or a suspension of payments is declared, it may stop performing its functions as servicer and it may be difficult to find a third party to act as successor servicer. Alternatively, the Servicer may take the position that unless the amount of its compensation is increased or the terms of its obligations are otherwise altered, it will stop performing its functions as Servicer. If it were difficult to find a third party to act as successor servicer, the parties, as a practical matter, may have no choice but to agree to the demands of the Servicer. Upon termination of the appointment of the Servicer, the Security Trustee, the Issuer and the Back-up Servicer Facilitator will use reasonable endeavours to appoint a replacement servicer who shall agree to act as servicer pursuant to a servicing agreement on similar terms to the Servicing Agreement.

It is possible that a period of adverse economic conditions resulting in high defaults and delinquencies on the Mortgage Loans and other mortgage loans serviced by the Servicer will increase the risk of the Servicer

becoming subject to bankruptcy or a suspension of payments if its servicing compensation is less than its cost of servicing.

Furthermore, a bankruptcy of the Servicer may adversely affect the indemnification rights given by it in its capacity as Elan Servicer to the Issuer in respect of its services on behalf of the Issuer and with respect to the breach of the Mortgage Loan Criteria and certain representations and warranties relating to the Mortgage Receivables.

The occurrence of any of these events could result (i) in delays or reductions in distributions on the Notes or (ii) other losses with respect to the Notes. There may also be other possible effects of a bankruptcy or suspension of payments of the Servicer that could result in (i) delays or reductions in distributions on the Notes or (ii) other losses with respect to the Notes, including the inability of the Issuer to claim the Pre-agreed Compensation Amount. Regardless of any specific adverse determinations in a bankruptcy or suspension of payments of the Servicer, the fact that such a proceeding has been commenced could have an adverse effect on the value of the Mortgage Receivables and the liquidity and value of the Notes.

### **Costs in relation to replacement of Servicer**

In the event of a replacement of the Servicer, the Issuer will need to bear the fees and costs of the engagement of a substitute servicer. This might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

### **Noteholders will be dependent on certain parties performing their responsibilities in an accurate and timely manner**

To the extent the Servicer, the Portfolio Manager, the Issuer Administrator, the Issuer or any other party to the transaction fails to fully perform its obligations or does not perform its obligations in accordance with the standard for performance provided in the Servicing Agreement, the Administration Agreement or any other Transaction Document (including but not limited to operating the Interest Rate Policy) in accordance with its terms and the Transaction Documents by the Seller or, upon the occurrence of a Seller Interest Reset Termination Event, the Portfolio Manager and is unable to provide any required indemnities to the Issuer, the Notes could experience losses. Any such failure to perform may result in such party's default, and any remedy for such default, or any selection of a successor to that party, may be inadequate or may result in costs or expenses, which will be allocated to the Notes. Any risks associated with the Servicer, the Portfolio Manager, the Issuer Administrator, the Issuer or any other party to the transaction failing to perform may affect the yield to maturity of the Notes.

### **Limitations on enforcement**

Noteholders generally do not have the right to directly enforce remedies against the Servicer, the Portfolio Manager, the Issuer Administrator, the Issuer, the Seller or any other party to any of the Transaction Documents and instead may be required, if such Noteholders obtain the agreement of the requisite percentage of Noteholders, to direct the Security Trustee, at such Noteholders' expense, to enforce the rights of the Security Trustee or take other actions as may be required under any of the Transaction Documents, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer or the Seller in any circumstances.

### **Servicer may have conflicts of interest**

The Servicer may have conflicts of interest in making servicing decisions with respect to defaulted Mortgage Loans. For example, the Servicer's decision to modify a Mortgage Loan, foreclose on a defaulted Mortgage Loan or continue to make advances with respect to a defaulted Mortgage Loan may be affected by the amount of servicing compensation or by the cost of servicing the Mortgage Loan that would result from its

decision. The Servicer's decision to modify rather than foreclose on a defaulted Mortgage Loan may affect the time it takes to recover that Mortgage Loan.

### **Certain material interests and potential for conflicts**

Certain parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer or the Seller in the ordinary course of business. Other parties to the transaction may also perform multiple roles, including Quion, who will act as Servicer, Elan Servicer and Collection Foundation Administrator. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may, pursuant to the Transaction Documents, be replaced by one or more new parties. It cannot be excluded that such a new party could also have a potential conflicting interest, which might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

The terms of the Transaction Documents do not prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out other roles or transactions for third parties.

### **Potential Conflicts of Interest of Goldman, Sachs & Co. and its Affiliates**

#### *Roles in connection with the issuance of the Notes and involvement in the business of the Seller*

Goldman, Sachs & Co., its affiliates and respective officers, members and employees (collectively, **Goldman Sachs**) have acted in a number of capacities (a) in connection with the issuance of the Notes and, (b) in relation to the business of the Seller. The relevant capacities are described in more detail below.

As at the Closing Date, Goldman Sachs Lending Partners LLC acts as Elan Lender to the Seller. It has made available a secured euro revolving credit facility to the Seller in such capacity which has a maximum facility limit of EUR 750,000,000 as at the Closing Date (the **Elan Credit Facility**). The limit of the Elan Credit Facility may be increased or decreased from time to time in accordance with its terms and pursuant to the terms of the Elan Credit Facility the Elan Lender has the benefit of certain security rights in respect of the Seller's assets, including the mortgage loans originated by it. The purpose of the Elan Credit Facility is to finance the Seller's business activities which are described in further detail at Section 3.4 (*Seller*). Furthermore, as long as the Elan Credit Facility is in place, the Seller may, as long as it originates mortgage loans (including, but not limited to, further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility. The Elan Lender is under no obligation to put the Seller in funds to satisfy any obligation arising in connection with the Seller's entry into the securitisation transaction and no party, including but not limited to any investor, the Issuer, the Security Trustee or the Seller, has the right to instruct or procure (either directly or indirectly) the Elan Lender to provide the Seller with any funds in order to satisfy such obligations. Potential investors should evaluate the risk of an investment in the Notes as if no drawing for the repurchase obligations will be made under the

Elan Credit Facility. It should also be noted that the Seller is expected to use the proceeds of the sale of the Mortgage Receivables to the Issuer to repay, in part, amounts which are outstanding and payable to the Elan Lender in accordance with the terms of the Elan Credit Facility.

The Elan Lender, in accordance with the terms of the Elan Credit Facility provided to the Seller, is exposed to all the profits and losses arising from each mortgage loan originated and owned by the Seller and, as a result, has certain entrenched rights with respect to the manner in which the Seller conducts its business. For example, the Elan Lender is entitled to approve the interest rates applicable to mortgage loans originated by the Seller from time to time (subject to the terms of the Seller's Interest Rate Policy which are described in more detail at Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*)) and proposals for potential adjustments or clarifications to the Seller's underwriting criteria are subject to consultation with the Elan Lender. The exercise of certain entrenched rights by the Elan Lender should not be viewed as a determination by it as to whether a particular mortgage loan is an appropriate investment by the Issuer or whether it will satisfy the Mortgage Loan Criteria and the Elan Lender has no duty or liability in respect of any proposal for potential adjustments or clarifications to the Seller's underwriting criteria.

The Elan Lender has also agreed in connection with the issuance of the Notes to act as the Retention Holder and retain a material economic interest in the securitisation transaction of not less than 5 per cent. in accordance with the EU Risk Retention Requirements and an eligible vertical interest in the securitisation transaction in accordance with the U.S. Risk Retention Requirements. Please refer to Section 4.4 (*Regulatory and Industry Compliance*) for further discussion.

In addition, Goldman Sachs International (**GSI**) (a) has acted as Arranger and Lead Manager in relation to the structuring and issuance of the Notes, and (b) has entered into a Back Swap Agreement with the Swap Counterparty under which the Swap Counterparty has hedged its exposure to the Issuer under the Swap Agreement. The Back Swap Agreement is a private contractual arrangement between GSI and the Swap Counterparty to which the Issuer is not party. However, disclosure of the existence of this arrangement has been made in connection with the issuance of the Notes, so that any potential investor is made aware that GSI as Back Swap Provider will submit the proposed Mortgage Receivable Swap Rate to the Seller or the Portfolio Manager, as the case may be, until the Back Swap Agreement is terminated as further described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*). Any potential investor should be made aware that GSI will submit the Mortgage Receivable Swap Rate having regard to factors described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*) and, accordingly, the interests of GSI may not necessarily align with, and may in fact be directly contrary to, those of investors in the Notes – see *The Mortgage Interest Rate in respect of a Mortgage Receivable may be reset to a rate which is lower than its related Mortgage Receivables Swap Rate, senior transaction expenses and the relevant Margins in respect of the Floating Rate Notes, for instance if a limit or cap on mortgage rates is imposed by law or industry self-regulation in the Netherlands and The Mortgage Receivable Swap Rates and the Issuer's Cost of Business may exceed the Mortgage Interest Rates which may be offered to a Borrower in accordance with principles of fairness required by Dutch law.*

#### *General business of Goldman, Sachs & Co. and its Affiliates*

As part of its general business, Goldman Sachs will engage in various other activities that may be inconsistent with or contrary to the interest of Noteholders, including the activities described below.

Goldman Sachs is part of a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, it actively makes markets in and trades financial instruments for its own account and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. Goldman Sachs' activities include, among other things, executing large block

trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. These activities may, to the extent permitted by law, also include buying or selling credit protection in respect of the Notes, implementing objectives or investment strategies that are inconsistent with or contrary to the interests of Noteholders, and/or hedging any exposure of Goldman Sachs to the Notes on the Closing Date or any time in the future. The securities and instruments in which Goldman Sachs takes positions, or expects to take positions, may include the Notes, or similar securities or products. Market making is an activity where Goldman Sachs buys and sells on behalf of customers, or for its own account, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, Noteholders should expect that Goldman Sachs will take positions that are inconsistent with, or adverse to, the investment objectives of the Noteholders.

As a result of Goldman Sachs's various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, Noteholders should expect that personnel in various businesses throughout Goldman Sachs will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of Noteholders.

In the normal course of conducting its businesses, Goldman Sachs has rendered services to, been paid by, performed surveillance of, and negotiated with, numerous parties engaged in activities related to structured finance and mortgage securitization, including the Seller, the Portfolio Manager and the Servicer, and may have included certain other transaction parties and any of the transaction parties' respective affiliates.

If Goldman Sachs becomes a Noteholder (other than as Retention Holder), through market-making activity or otherwise, any actions that it takes in its capacity as a Noteholder will not necessarily be aligned with the interests of other holders of the same Class or other Classes of Notes. To the extent a Goldman Sachs entity makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the offered certificates. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the offered certificates. The price at which Goldman Sachs may be willing to purchase the Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

Furthermore, there is a reasonable expectation that a completed offering may enhance Goldman Sachs' ability to assist clients and counterparties in transactions related to the Notes and, potentially, in similar transactions (including potentially, assisting Goldman Sachs clients in additional purchases and sales of the Notes and hedging transactions). It can be reasonably expected that Goldman Sachs will derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to their clients may enhance Goldman Sachs' relationships with various parties, facilitate additional business development, and enable Goldman Sachs to obtain additional business and to generate additional revenue.

Each of the foregoing relationships should be considered carefully by you before you invest in any Notes.

**This Prospectus contains summary and limited information regarding the Transaction Documents and the Mortgage Receivables**

This Prospectus contains summary descriptions of certain documents, including the Mortgage Receivables Purchase Agreement, the Servicing Agreement and the Deed of Assignment and Pledge which govern the transactions described herein, of the rules and regulations applicable to the Mortgage Loans. Such summary descriptions are necessarily incomplete and reference is made to the actual documents for a complete description of the rights and obligations of the parties thereto, to the rules and regulations applicable to the



Mortgage Loans. A copy of all Transaction 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.

## **RISK FACTORS REGARDING THE NOTES**

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

The Notes are complex financial products. 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 their own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined in this Section 2 (*Risk Factors*), placing such investor at a greater risk of receiving a lesser return on its investment:

- (i) 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 in this Section 2 (*Risk Factors*);
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the significance of these risk factors and the impact the Notes will have on its overall investment portfolio;
- (iii) 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;
- (iv) 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 therewith) as such investor is more vulnerable to any fluctuations in the financial markets generally; and
- (v) 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.

### **Credit Risk**

The Issuer is subject to the risk of the Borrowers defaulting in payment and the Servicer failing to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in Section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class against all risks of losses. The Issuer will report the Mortgage Receivables in arrears and the Realised Losses in respect thereof in the Notes and Cash Report on an aggregate basis. Investors should be aware that the Realised Losses reported may not reflect all losses that have already occurred or are expected to occur, because a Realised Loss is recorded, among other things, only after the Servicer has determined that foreclosure of the Mortgage and other collateral securing the Mortgage Receivable has been completed, and this process may take a considerable amount of time.

**The performance of the Notes may be adversely affected by the recent conditions in the global financial markets and these conditions may not improve in the near future**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the **Eurozone**).

The market's anticipation of these (potential) impacts could have a material adverse effect on the business, financial condition and liquidity of the Seller, the Swap Counterparty, the Issuer Account Bank and the Swap Collateral Custodian. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets, and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been seen as a result of market expectations.

In the event of continued or increasing market disruptions and volatility (including as may be demonstrated by any default or restructuring of indebtedness by one or more Member States or institutions within those Member States and/or any changes to, including member states exiting the European Union or any break up of, the Eurozone), the Seller, the Swap Counterparty, the Issuer Account Bank and the Swap Collateral Custodian may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues, which may affect their ability to perform their respective obligations under the relevant Transaction Documents. In this respect it is noted that on 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Seller, the Swap Counterparty, the Issuer Account Bank and the Swap Collateral Custodian. Failure to perform obligations under the relevant Transaction Documents may adversely affect the performance of the Notes.

These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

**Downgrade of long-term ratings of Eurozone countries may adversely affect the market value of the Notes**

In response to the economic situation facing countries in the European Economic and Monetary Union, or Eurozone, based on factors including tightening credit conditions, higher risk premiums on Eurozone sovereigns and disagreement among European policy makers as to how best to address the declining market confidence with respect to the Eurozone, on 13 January 2012, S&P downgraded the long-term credit ratings on nine members of the Eurozone, including Austria, Cyprus, France, Italy, Malta, Portugal, Slovakia, Slovenia and Spain. In addition, on 18 April 2013, Fitch downgraded the long-term credit ratings on the United Kingdom. Further downgrades of the ratings of various Eurozone members may have an adverse effect on the market value and liquidity of fixed-income instruments generally, including the offered certificates. The Netherlands are currently rated 'AAA' by Fitch and S&P and 'Aaa' by Moody's with a stable outlook.

**Risk that the Majority RS Noteholder will not exercise the Portfolio Call Option or Remarketing Call Option or that necessary parties do not co-operate with the exercise of the Portfolio Call Option or**

### **Remarketing Call Option which may result in the Notes not being redeemed prior to their legal maturity**

Notwithstanding the increase from the Initial Margin to the Extension Margin applicable to the Floating Rate Notes from the First Optional Redemption Date, no guarantee can be given that the Majority RS Noteholder will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise the Portfolio Call Option or the Remarketing Call Option. The exercise of such right will, among other things, depend on the ability and desire of the Majority RS Noteholder to request the Issuer to sell Mortgage Receivables at the required amount or to provide the Issuer with sufficient funds to repay the Noteholders and to restructure the Floating Rate Notes as further described in Condition 6(d) and Condition 6(e) and consequently this may result in the Notes not being redeemed prior to their legal maturity. It is noted that the Majority RS Noteholder will not necessarily hold more than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes, and where no person holds more than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes, the person who holds the greatest amount of Class RS Notes by reference to the Principal Amount Outstanding qualifies as Majority RS Noteholder and hence it could be that a Class RS Noteholder holding a relatively small amount of Class RS Notes will qualify as Majority RS Noteholder and is allowed to make substantive decisions which could affect the other Noteholders.

Furthermore, any exercise by the Majority RS Noteholder of the Portfolio Call Option or Remarketing Call Option is subject to the necessary parties co-operating with the Majority RS Noteholder to achieve the successful sale and assignment of the Mortgage Receivables or structuring and marketing of new notes, as the case may be. None of the Issuer, the Security Trustee, the Arranger, the Lead Manager or the Majority RS Noteholder have any ability to control or direct such cooperation and if any of such parties would decide not to cooperate this may result in the Notes not being redeemed prior to their legal maturity.

### **Risk relating to the Class RS Notes Interest Amount in respect of the Class RS Notes**

It should be noted that interest on the Class RS Notes will be equal to the Class RS Notes Interest Amount. The Class RS Notes Interest Amount is prior to the delivery of an Enforcement Notice an amount equal to the Available Revenue Funds remaining after all items ranking above item (ee) of the Revenue Priority of Payments have been paid in full. After delivery of an Enforcement Notice, the Class RS Notes will not be entitled to the Class RS Notes Interest Amount, however the Class RS Noteholders will be entitled to receive the Enforcement Available Amount remaining after all items ranking above item (y) of the Post-Enforcement and Call Option Exercise Priority of Payments have been paid in full. As a consequence, there can be no assurance that sufficient funds will be available to make payments to the Class RS Noteholders. Furthermore, the interest payable in respect of the Floating Rate Notes will increase if the Portfolio Call Option or the Remarketing Call Option is not exercised on the first Optional Redemption Date and as a result the Issuer will have less funds available to pay the Class RS Notes Interest Amount and therefore the rate of return in respect of the Class RS Notes may drop if the Portfolio Call Option or the Remarketing Call Option is not exercised on the first Optional Redemption Date (see also *Notes of a Class may rank subordinate to other Classes*).

### **Risk relating to the Extension Margins and the Subordinated Extension Payment Amount in respect of the Floating Rate Notes**

It should be noted that there is no guarantee that the Extension Margins will be equal to or higher than the Initial Margins.

The Subordinated Extension Payment Amount in respect of the Floating Rate Notes will be subordinated in right of payment to other payment obligations of the Issuer as set forth in the Revenue Priority of Payments. There can be no assurance on the (timely) payment of a Subordinated Extension Payment Amount in respect of any Class of Floating Rate Notes. Non-payment of a Subordinated Extension Payment Amount in respect

of any Class of Floating Rate Notes will not result in an Event of Default. Moreover, the ratings of the Floating Rate Notes do not take into account the (timely) payment of the Subordinated Extension Payment Amount.

### **Risk that the Issuer is not able to redeem the Notes at the Final Maturity Date**

The ability of the Issuer to redeem all of the Notes 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 collections under the Mortgage Receivables are sufficient to redeem the Notes.

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

The maturity of the Notes will depend on, among other things, the amount and timing of payment of principal (including, among other things, full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a Mortgage Receivable and the Seller having funds available to repurchase certain Mortgage Receivables) on all Mortgage Receivables and the Outstanding Principal Amount of New Ported Mortgage Receivables and Further Advance Receivables offered by the Seller and purchased by the Issuer. The average maturity of the Notes may also be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Receivables 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, declines in real estate prices, lack of liquidity or bankruptcy of Borrowers, damage to or destruction of the Mortgaged Assets and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). Furthermore if the Seller would grant New Ported Mortgage Loans or Further Advance with a maturity that exceeds the maturity of the mortgage loan granted in connection with the Old Mortgaged Asset or the original loan parts respectively this would increase the CPR. In addition thereto it should be noted that the Seller resets the Mortgage Interest Rates on behalf of the Issuer prior to a Seller Interest Reset Termination Event and that in doing so it will have regard to the interest rates for mortgage loans originated at such time and funding costs of other Elan Issuers. Any such reset of interest rates may also influence the rate of prepayments. No guarantee can be given as to the level of prepayment that the Mortgage Receivables may experience.

In general, prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in the Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment within a fixed rate period. Prepayment penalties are not applicable to mortgage loans with a floating rate. Prepayment penalties tend to impact borrower prepayment rates and lead to a higher number of redeemed mortgage loans at the end of an interest rate period.

The prepayment rates of mortgage loans of an originator further increase if at the end of an interest rate period an originator offers an interest rate higher than the mortgage rates offered by other originators. The prepayment rate will decrease if at the end of an interest rate period such originator offers interest rates lower than the mortgage rates offered by other originators. Lower rates of prepayment may lead to slower prepayments of the principal amounts outstanding in respect of mortgage loans in the Netherlands. As a result, the exposure of the Seller to the Borrowers of the Mortgage Loans tends to remain high over time and the Issuer will have a similar position following the purchase of the Mortgage Receivables.

### **Risks related to Interest-only Mortgage Loans**

A portion of the Mortgage Loans (or parts thereof) will be in the form of 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. Interest is payable monthly and is calculated on the Outstanding Principal Amount of the Mortgage Loan (or relevant part thereof). The ability of a Borrower to repay an Interest-only

Mortgage Loan at maturity will often depend on such Borrower's ability to refinance or sell the Mortgaged Asset or to obtain funds from another source. If a Borrower is not able to do so this may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes.

#### **Certain interest shortfalls will be allocated to the Notes**

When a Borrower makes a full or partial prepayment on a Mortgage Loan, the amount of monthly interest that the Borrower is required to pay may be less than the amount of interest the Noteholders would otherwise be entitled to receive with respect to that Mortgage Loan for the Notes Payment Date. If there is an interest shortfall in respect of a relevant Class of Notes, such shortfall will be debited in the applicable Senior Interest Deficiency Ledger or, as the case may be the applicable Subordinated Interest Deficiency Ledger for the relevant Class of Notes. Any such shortfall shall not be treated as due on that date, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the relevant Class of Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount as if it were interest due on each relevant Class of Note on the next succeeding Notes Payment Date. A shortfall of interest payments to the Most Senior Class for a period of 14 calendar days or more constitutes an Event of Default.

#### **Revenue Shortfall Amounts will be deducted from the Available Principal Funds**

On each Notes Calculation Date an amount equal to the Revenue Shortfall Amount as calculated on the Notes Calculation Date prior to the immediately succeeding Notes Payment Date is withheld from the Available Principal Funds and added to the Available Revenue Funds instead, which may lead to a smaller amount of Available Principal Funds being available to be applied in accordance with the Redemption Priority of Payments, which will adversely affect the Issuer's ability to make payments under the Notes.

#### **Risk of redemption of the Notes (other than the Class A Notes) with a Principal Shortfall**

In accordance with Condition 9(a), the Notes (other than the Class A Notes) may be redeemed on the Final Maturity Date subject to any applicable Principal Shortfall. As a consequence, a holder of the Notes (other than the Class A Notes) may not receive the full Principal Amount Outstanding of such Note upon redemption in accordance with and subject to Condition 6.

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

The structure of the issue of the Notes and the credit ratings which are to be assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are based on Dutch law and, to the extent it relates to the Swap Agreement, the Swap Collateral Custodian Agreement and the Deed of Charge, the laws of England and Wales, as in effect at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or the laws of England and Wales, or to administrative practice in the Netherlands or England and Wales after the date of this Prospectus.

Currently, the laws, regulations and administrative practices relating to mortgage-backed securities such as the Notes are in a significant state of flux in Europe and it is impossible for the Issuer to predict how these changes may, in the future, impact investors in the Notes, whether directly or indirectly.

#### **Notes of a Class may rank subordinate to other Classes**

As set forth in Condition 9 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) the Class E Notes are subordinated in right of payment to the Class A Notes, the Class B Notes,

the Class C Notes and the Class D Notes, (e) the Class F Notes are subordinated in right of payment to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and (f) the Class RS Notes are subordinated in right of payment 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. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

All Notes rank subordinate to certain other creditors. See *Priority of Payments* in section *Credit Structure*.

Depending on the losses under the Mortgage Loans, the Issuer may not receive sufficient amounts to fully redeem the Notes. Losses will be allocated on each Notes Payment Date, to the Notes in reverse alphabetical order, as more fully described in section *Credit Structure*.

### **Interest rate risk in respect of the Floating Rate Notes**

The interest on the Floating Rate Notes is paid by using the Available Revenue Funds at items (e), (h), (j), (k), (m), (n), (p), (q), (s), (t), (u), (v), (w), (x), (y), (z) and (aa) of the Revenue Priority of Payments. Amounts received from the Swap Counterparty under the Swap Agreement, which purports to hedge the interest rate risk on the Floating Rate Notes, will form part of the Available Revenue Funds. As a result of a failure of the Swap Counterparty to make a payment under the Swap Agreement (see *Risk related to the Swap Agreement*) the Available Revenue Funds may be insufficient to make the required payments under the Floating Rate Notes, including the required payments ranking higher in the Revenue Priority of Payments than the respective Floating Rate Notes.

### **The obligations of the Issuer under the Notes are limited recourse**

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant Priority of Payments (see Section 5.2 (*Priority of Payments*)). The Noteholders and the other Secured Creditors shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Issuer Accounts and (iii) the amounts received under the Transaction Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Notes are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer, the Security Trustee or any other party in respect of any such unpaid amounts (see Condition 9(b)).

### **Risk relating to conflict of interest between the interests of holders of different Classes of Notes and Secured Creditors**

Circumstances may arise when the interests of the holders of different Classes of Notes could be in conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the Higher Ranking Class or Classes of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors and, in case of a conflict of interest between the Secured Creditors, the Post-Enforcement and Call Option Exercise Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails. Noteholders should be aware that the interests of Secured Creditors ranking higher in the Post-Enforcement and Call Option Exercise Priority of Payments than the relevant Class of Notes, such as the interests of the Swap Counterparty shall prevail.

If a significant part of the Notes is purchased by one investor, this could negatively affect the liquidity or trading market for the Notes (see further *Risks related to the limited liquidity of the Notes*). In holding some or all of the Notes of a particular Class, an investor may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions (including Extraordinary Resolutions relating to a Basic Terms Change). The interests of a majority investor may not be aligned with those of other Noteholders.

**A resolution adopted at a meeting of the Class A Noteholders is binding on all Noteholders and a resolution adopted by a Noteholders' meeting of a relevant Class is binding on all Noteholders of that relevant Class**

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class 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 the Conditions or any provisions of the Transaction Documents. An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, provided that in the case of an Extraordinary Resolution approving a Basic Terms Change, such Extraordinary Resolution shall not be effective unless it has been approved by Extraordinary Resolutions of Noteholders of each Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class. All resolutions, including Extraordinary Resolutions, duly adopted at a Meeting are binding upon all Noteholders of the relevant Class, whether or not they are present at the Meeting. Changes to the Transaction Documents and the Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in the event of a resolution of the Noteholders of the Most Senior Class or individual Noteholder in the event of a resolution of the relevant Class, and in each case without the Noteholder being present at the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their knowledge or consent and/or which may have an adverse effect on them.

**The Servicer's discretion over the servicing of the Mortgage Loans may impact the amount and timing of funds available to make distributions on the Notes**

The Servicer is obligated to service the Mortgage Loans in accordance with its customary servicing procedures. The Servicer has discretion in servicing the Mortgage Loans, including the ability to waive or modify any term of a mortgage loan and to determine the timing and method of collection and foreclosure procedures. However to the extent any such modification would lead to a breach of Mortgage Loan Criteria or of any other representations and warranties made in respect of any Mortgage Receivable, the Elan Servicer may under certain circumstances and subject to a capped amount be obliged to pay Compensation Payments. Furthermore any modification of the terms of a mortgage loan other than in relation to a payment plan with a duration of less than six months needs to be approved by the Portfolio Manager before it comes into effect. In addition, the Servicer's customary servicing procedures may change from time to time and those changes could reduce collections on the Mortgage Loans. Although the Servicer's customary servicing procedures at any time will apply to all mortgage loans granted by the Seller and serviced by the Servicer, without regard to whether a mortgage loan has been sold to the Issuer for the benefit of the Noteholders, the Servicer is not obligated to maximize collections from the mortgage loans. Consequently, the manner in which the Servicer exercises its servicing discretion or changes its customary servicing procedures could have an impact on the amount and timing of collections on the Mortgage Loans, which would, in turn, impact the amount and timing of funds available to make distributions on the Notes.

### **Risk related to absence of Mortgage Reports**

Pursuant to the Trust Deed, in case the Issuer Administrator does not receive a Mortgage Report from the Servicer with respect to a Mortgage Calculation Period, the Issuer Administrator shall have the right to calculate and determine the Available Revenue Funds, the Available Principal Funds and all amounts payable under the Transaction Documents using the three most recent Mortgage Reports available in respect of three Mortgage Calculation Periods in accordance with 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 and credit or debit, as applicable, such amounts from the Interest Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction 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 Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more interest, if any, and, respectively, less or more principal on the Notes than would have been payable if Mortgage Reports were available.

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

The secondary market for the mortgage-backed securities may experience 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. Thus, Noteholders bear the risk of limited liquidity of the secondary market for mortgage-backed securities and the effect thereof on the value of the Notes.

### **Risk related to the ECB Purchase Programme**

In September 2014, the ECB initiated an asset purchase programme whereby it envisaged to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to gain better access to credit, boost investments, create jobs and thus support overall economic growth. The expanded asset purchase programme commenced in March 2015 and encompasses the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. These programmes are intended to be carried out until at least March 2017. It remains to be seen what effect these purchase programmes will have on the volatility in the financial markets and the economy generally. In addition, the continuation, the amendments to or the termination of these purchase programmes could have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.



### **Risk related to the Notes held in global form**

The Notes will initially be held by Euroclear or Clearstream, Luxembourg in the form of a Global Note which will be exchangeable for Definitive Notes in limited circumstances as more fully described in Section 4.2 (*Form*). For as long as any Notes are represented by a Global Note held by Euroclear or Clearstream, Luxembourg, payments of principal and interest, if any, and any payments other amounts on a Global Note will be made through Euroclear or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant Global Note, being Euroclear or Clearstream, Luxembourg, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal and interest, if any, and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

Thus, the Noteholders will have to rely on the procedures of Euroclear or Clearstream, Luxembourg for transfers, payments and communications from the Issuer, which may cause the Issuer being unable to meet its obligations under the Notes.

### **Noteholders may not receive and may not be able to trade Notes in definitive form**

It is possible that the Notes may be traded in amounts that are not integral multiples of EUR 100,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system in case Notes in definitive form are issued may not receive a Note in definitive form in respect of such holding (should Notes in definitive form be issued) and may need to purchase a principal amount of Notes such that its holding amounts to at least EUR 100,000. If Notes in definitive form are issued, holders should be aware that Notes in definitive form which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

### **The Security Trustee is not obliged to act in certain circumstances**

At any time following the occurrence of an Event of Default, the Security Trustee at its discretion may, or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class (subject, in each case, to being indemnified to its satisfaction) shall (but in the case of the occurrence of any of the events mentioned in Condition 10(b), 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) deliver an Enforcement Notice to the Issuer. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class. At any time after the Enforcement Date, the Security Trustee may at its discretion, and without further notice, take such proceedings as it may think fit against the Issuer to enforce the terms of this Trust Deed, the Parallel Debt Agreement, including the making of a demand for payment thereunder, the Pledge Agreements, the Notes and any of the other Transaction Documents to which the Security Trustee is a party. However the Security Trustee shall not be bound to take any such proceedings unless (a) it shall have been directed to do so by an Extraordinary Resolution of the Noteholders of the Most Senior Class and (b) it shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing

**The Security Trustee may agree to modifications, waiver or authorisations without the Noteholders' prior consent**

Pursuant to the terms of the Trust Deed, the Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors 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 also agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) (the **EMIR Requirements**) or any other obligation which applies to it under the EMIR Requirements and/or any new regulatory requirements, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (i) exposing the Security Trustee to any additional liability or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the relevant Transaction Documents and/or the Conditions, and further provided that the Security Trustee has received written confirmation from the Swap Counterparty in respect of the Swap Agreement that it has consented to such amendment.

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents in order to enable the Issuer to comply with any obligation which applies to it under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, and in particular the third subparagraph of Article 8b(3) thereof and Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) (the **CRA3 Requirements**), including any requirements imposed by any proposed Simple, Transparent and Standardised Securitisation regulation (the **STS Regulation**) proposed by the European Commission or any other obligation which applies to it under the CRA3 Requirements, the STS Regulation and/or any new regulatory requirements, subject to receipt by the Security Trustee of a certificate of the Issuer certifying to the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under the CRA3 Requirements, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (i) exposing the Security Trustee to any additional liability or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the relevant Transaction Documents and/or the Conditions. Each other party to any relevant Transaction Document shall cooperate to the extent reasonably practicable with the Issuer in amending such Transaction Documents to enable the Issuer to comply with the CRA3 Requirements and/or the STS Regulation.

The Security Trustee may also agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Credit Rating Agencies which may be applicable from time to time, provided that in relation to any such amendment:

- (i) the Issuer certifies in writing to the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (ii) in the case of any modification to a Transaction Document proposed by any of the Collection Foundation Account Provider, the Issuer Account Bank the Swap Collateral Custodian or the Swap Counterparty in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
  - (A) the party proposing the modification to a Transaction Document certifies in writing to the Issuer and the Security Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Security Trustee that it has received the same from such party);
  - (B)
    - I. the party proposing the modification to a Transaction Document, if possible and if necessary with the cooperation of the Issuer, obtains from each of the Credit Rating Agencies written confirmation (or certifies in writing to the Issuer and the Security Trustee that it has been unable to obtain such confirmation) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Credit Rating Agency and would not result in any Credit Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Security Trustee; or
    - II. the Issuer certifies in writing to the Security Trustee that the Credit Rating Agencies have been informed of the proposed modification and none of the Credit Rating Agencies has indicated within 30 Business Days after being informed thereof that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Credit Rating Agency or (y) such Credit Rating Agency placing any Notes on rating watch negative (or equivalent); and
    - III. the party proposing the modification to a Transaction Document pays all costs and expenses (including legal fees) incurred by the Issuer and the Security Trustee or any other Transaction Party

which is a party to such Transaction Document in connection with such modification.

The Security Trustee may also agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the party proposing the modification to a Transaction Document, supported by the Issuer (provided the Issuer believes such proposal is not prejudicial to its interest) if requested by the party proposing the modification, certifies to the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect.

In relation to any such proposed amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 13 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that in relation to such amendments, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Security Trustee that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

In relation to any proposed amendment each of the Issuer and the Security Trustee is entitled to incur reasonable costs to obtain advice from external advisers in relation to such proposed amendment. This may ultimately have a negative impact on the ability of the Issuer to perform its obligations under the Notes.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Issuer or the Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Condition 14 (*Modifications, waiver, authorisations*).

The full requirements in relation to any modification for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Credit Rating Agencies which may be applicable from time to time is set out in Condition 14(e).

**The Swap Counterparty's prior written consent is required for certain modifications, waivers or authorisations**

Pursuant to the terms of the Trust Deed the Swap Counterparty's prior written consent is required for waivers, modifications or amendments, or consents to waivers, modifications or amendments involving certain Transaction Documents, including the Trust Deed and the Conditions, if these would affect – generally speaking – the position of the Swap Counterparty. See in more detail section 4.1 (*Terms and Conditions*), Condition 14 (*Modifications, waiver, authorisations*). Therefore, the Swap Counterparty can prevent modifications of the relevant Transaction Documents even if the Security Trustee agrees with such modifications. The Security Trustee's consent is also required for the modification of any Transaction Document by the Issuer, such as in the case of a resolution taken by the Noteholders to that effect, and such consent is also subject to the Swap Counterparty's prior written consent in the circumstances set out in

Condition 14(e). Consequently, even if the Noteholders of a Class have resolved to modify a relevant Transaction Document, the Swap Counterparty can prevent such modification.

### **Risks for Dutch taxation of the Notes**

The Issuer has obtained a tax ruling from the Dutch tax authorities which confirms that income and gains derived from the Mortgage Receivables are not taxable in the Netherlands at the level of the Issuer. For Dutch corporate income tax purposes, the Issuer is considered to function as an agent, and is as such only taxed on a small agency fee income. Non-Dutch resident Noteholders should only become subject to Dutch taxes on income and gains derived from the Notes in the situations described in Section 4.6 (*Taxation in the Netherlands*) of this Prospectus. There is a risk that the Dutch tax authorities may argue that the Class RS Noteholders could be considered to carry on an enterprise by way of a permanent establishment or representative located in the Netherlands by reason of the Mortgage Receivables being serviced and managed in the Netherlands by the Servicer and by the Portfolio Manager, as a result of which income and gains derived from the Notes held by the Class RS Noteholders would be taxable in the Netherlands. The Issuer has been advised that the risk for such taxation in the Netherlands is in practice very small.

### **No obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority**

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

In addition thereto it is noted that if a Tax Call Option Event occurs, the Issuer may want to exercise the Tax Call Option. However if the Issuer does not find a party willing to pay the Tax Call Option Minimum Required Purchase Price for the Mortgage Receivables, the Issuer cannot sell and assign the Mortgage Receivables and as a consequence the Notes will remain outstanding after the occurrence of a Tax Call Option Event and the Noteholders may experience losses under the Notes.

### **In certain circumstances, the Issuer and the Noteholders may be subject to U.S. withholding tax under FATCA.**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (including individuals and entities) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). Based on its activities, the Issuer meets the definition of an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017.

The United States and the Netherlands have signed an intergovernmental agreement to facilitate the implementation of FATCA (a **U.S.-Netherlands IGA**). Pursuant to the U.S.-Netherlands IGA, a Netherlands FFI that is treated as a **Reporting FI** is not subject to withholding under FATCA on any payments it receives and is not required to withhold under FATCA from payments it makes. However a Reporting FI is required

to report to the Netherlands tax authorities certain information in respect of its account holders and investors (including individuals and entities), which enables the Netherlands tax authorities to automatically exchange information regarding accountholders that qualify as U.S. persons with the United States according to the terms of the U.S.-Netherlands IGA.

Under the U.S.-Netherlands IGA, the Issuer expects to be treated as a Reporting FI and has to register as such with the IRS, and does not anticipate that it will be obliged to deduct FATCA Withholding from payments on the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. I.e., the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in limited circumstances.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding.

**FATCA is particularly complex and its application is not fully certain at this time. The above description is based in part on regulations, official guidance and the U.S.-Netherlands IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### **Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes**

In Europe, the United States 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 position for certain investors in securitisation exposures and/or on 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 Lead Manager, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

Investors should, among other things, be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the

underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

In the United States, Section 941 of the Dodd-Frank Act amended the Exchange Act to require the “securitizer” of asset-backed securities to retain at least 5 per cent. of the credit risk to the assets collateralizing the asset-backed securities.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in Section 4.4 (*Regulatory and Industry Compliance*) and Section 8 (*General*) for more details. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any 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.

#### **Implementation of and/or changes to Basel III and Solvency II may affect the regulatory capital requirements and/or the liquidity associated with a holding of the Notes for certain investors**

In Basel III, the Basel Committee on Banking Supervision (the **Basel Committee**) has made significant amendments to Basel II which aim at a substantial strengthening of capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a maximum leverage ratio for financial institutions. The changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding and liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**, respectively). Member countries are required to implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measures will not apply in full until January 2019), the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support Basel III in general. The capital rules of Basel III have been implemented through CRD IV, which replaced the directives 2006/48/EC and 2006/49/EC, as amended by directive 2009/111/EC. CRD IV entered into force on 1 January 2014, with full implementation by January 2019. However, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III. On 1 August 2014, CRD IV was implemented in Dutch legislation.

In December 2013, the Basel Committee issued a second consultative document on revisions to the securitisation framework, including draft standards text. The second consultative document follows the first consultative document published in December 2012. The major changes in the second consultative document in relation to the first consultative document include (i) changes to the hierarchy of approaches and (ii)

changes to calibration and other clarifications (including the proposal of the Basel Committee to set a 15 per cent. risk-weight floor for all approaches, instead of the 20 per cent. floor originally proposed). Comments on the consultative document and the proposed standards text were due on 21 March 2014.

In December 2014, the Basel Committee published a final document presenting the revised securitisation framework (the **Final Document**) to address a number of shortcomings in the Basel II securitisation framework and to strengthen the capital standards for securitisation exposures held in the banking book. No significant changes were made to the hierarchy of approaches relative to the hierarchy proposed in the second consultative document. The main changes in the Final Document in relation to the second consultative document include (i) the incorporation of tranche maturity as an additional risk driver and the application of a haircut in order to smooth the impact of maturity on capital charges when legal maturity is used, (ii) the reduction of the risk weights for longer-maturity tranches assigned under the securitisation external ratings-based approach and (iii) the abandonment of a proposal to include a granularity adjustment in respect of credit ratings.

On 11 July 2016 the Basel Committee published an updated standard for the regulatory capital treatment of securitisation exposures. By including the regulatory capital treatment for simple, transparent and comparable securitisations (**STC securitisations**, the Basel Committee's equivalent for securitisations under the STS Regulation), this standard amends the Basel Committee's 2014 capital standards for securitisations. The updated standard published on 11 July 2016 sets out additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. The additional criteria, for example, exclude transactions in which the standardised risk weights for the underlying assets exceed certain levels. From the updated standard it also follows that the risk weight for senior exposures under a STC securitisation has scaled down from 15 per cent. to 10 per cent.

Furthermore, pursuant to the directive of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), more stringent rules have applied for European insurance companies since January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*). On 18 January 2015, the Solvency II Regulation entered into force. The implementing rules set out more detailed requirements for individual insurance undertakings as well as for groups, based on the provisions set out in Solvency II.

Basel II, Basel III and Solvency II to an even greater extent, affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, prospective investors should consult their own advisers as to the consequences of and the effect on them of the application of Basel II, Basel III and Solvency II, as implemented by their own regulator, to their holding of any Notes. It cannot be excluded that further amendments will be proposed and will have to be implemented in the legislation of the relevant EU Member States which may have a further impact on, among other things, the risk weighting, liquidity and value of the Notes. Neither the Issuer, the Lead Manager nor the Security Trustee are responsible for informing Noteholders of the effects on the changes to risk, weighting of the Notes which may result, among other reasons, from the adoption by their own regulator of Basel II, Basel III or Solvency II (whether or not in its current form or otherwise).

### **Applicability of risk retention and due diligence requirements**

Investors should also be aware of Article 17 of the AIFMD, as supplemented by the AIFMR, which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which



apply under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

As at the Closing Date, the Retention Holder in its capacity as the “originator” within the meaning of article 405 CRR has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager that it will comply with the EU Risk Retention Requirements, by holding no less than 5 per cent. of the nominal value of each of the Classes of Notes sold or transferred to investors. In addition, the Retention Holder shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR, the AIFMR and the Solvency II Regulation, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data. The Retention Holder has been advised that it may be classified as an ‘originator’ within the meaning of Article 405-410 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation and may satisfy the requirement to retain a 5 per cent. or higher net economic interest in the transaction. For the purpose of this risk factor, all such requirements, together with Part 5 of the CRR, Section 5 of Chapter III of the AIFMR and Chapter VIII of Title I of the Solvency II Regulation, are referred to as the **Securitisation Retention Requirements**.

Although the European Banking Authority report on securitisation risk retention, due diligence and disclosure dated 22 December 2014 and the legislative proposals of the European Commission relating to the draft securitisation regulation published on 30 September 2015 as amended by the EU Council Compromise achieved in December 2015 provide further guidance on the Securitisation Retention Requirements there remains considerable uncertainty with respect to the Securitisation Retention Requirements 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 the Securitisation Retention Requirements should seek guidance from their regulator. Similar requirements to those set out in the Securitisation Retention Requirements are expected to be implemented for other EU regulated investors (such as investment firms and certain hedge fund managers) in the future.

The Securitisation Retention Requirements and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes may for some or all investors 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.

### **Risk relating to European Market Infrastructure Regulation (EMIR)**

The Issuer will be entering into the Swap Agreement which is an interest rate swap transaction.

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**) which entered into force on 16 August 2012 establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, margin posting and other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and reporting and record-keeping requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold, must clear OTC derivatives contracts that are entered into on or after the effective date for the clearing obligation for that counterparty pair (the **Clearing Start Date**). In addition, some market participants will have to, from the relevant Clearing Start Date, clear relevant transactions entered into during a given period leading up to the relevant Clearing Start Date, a requirement known as “frontloading”. Contracts which are declared subject to the clearing obligation will have to be cleared through an authorised or recognised central counterparty (**CCP**)

when they trade with each other or with equivalent third country entities unless an exemption applies. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment CCPs have been authorised to offer services and activities in the European Union in accordance with EMIR and following the entry into force on 21 December 2015 of the delegated regulation (the **IRS Clearing RTS**) relating to the introduction of the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY (**G4 IRS Contracts**), there is now a concrete timeframe for the first classes of transactions subject to mandatory clearing and frontloading. The IRS Clearing RTS include a further categorisation of in-scope counterparties by splitting in-scope counterparty types into Category 1, 2, 3 and 4. This further categorisation impacts the relevant Clearing Start Date and whether frontloading applies. The clearing obligation for this first wave of contracts started from 21 June 2016 for Category 1 counterparties and will start from 21 December 2016 for Category 2 counterparties, 21 June 2017 for Category 3 counterparties and 21 December 2018 for Category 4 counterparties. The Swap Agreement will likely qualify as an OTC derivative having a conditional notional amount. However, OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement. EMIR also contains requirements with respect to margining, which are expected to be phased in from the middle of 2017. Various regulatory and implementing technical standards have now come into force, but certain critical technical standards have not yet been finalised or come into force, including those addressing which additional classes of OTC derivatives contracts will be subject to the clearing obligations and the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. The Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository.

EMIR may, among other things, lead to more administrative burdens and higher costs for the Issuer. In addition, there is a risk that the Issuer's position in derivatives according to EMIR exceeds the clearing threshold and/or is included in the classes of OTC derivatives that are subject to the clearing obligation and, consequently, the Swap Agreement may become subject to clearing- and margining requirements. This could lead to higher costs or complications in the event that the Issuer is required to enter into a replacement swap agreement or when the Swap Agreement is amended.

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Swap Transaction invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

### **Legal investment considerations may restrict certain investments in the Notes**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for such potential investor, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to such potential investor's purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules. A failure to consult may lead to damages being incurred or a breach of applicable law by the investor.

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

The ratings to be assigned to the Notes (other than the Class F Notes and the Class RS Notes) by the Credit Rating Agencies are based, among other things, 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 Credit Rating Agencies. There is no assurance that any such credit rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies if, in any of the Credit Rating Agencies' judgement, circumstances so warrant. The Issuer does not have an obligation to maintain the credit ratings assigned to the Notes.

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

The credit ratings assigned by Fitch address the likelihood of (i) (a) in respect of the Class A Notes and the Class B Notes, full and timely payment of interest (other than the Subordinated Extension Payment Amount) on each Notes Payment Date and (b) in respect of the Class C Notes, the Class D Notes and the Class E Notes, full payment of interest (other than the Subordinated Extension Payment Amount) by a date that is not later than the Final Maturity Date and (ii) in respect of the Floating Rate Notes other than the Class F Notes, full payment of principal due to the holders of such Notes by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss posed to investors by the legal final maturity. The assigned ratings address timely payment of interest for the Class A Notes, the Class B Notes and the Class C Notes, ultimate payment of interest (but for avoidance of doubt not the Subordinated Extension Payment Amount) on or before the rated final legal maturity date for the Class D Notes and the Class E Notes and ultimate payment of principal at par on or before the rated final legal maturity date for all rated Notes. The credit ratings of the Notes do not provide any certainty nor guarantee. The credit ratings assigned by Fitch and Moody's do not address the likelihood that the Notes will be redeemed in full on any Optional Redemption Date. The Class F Notes and the Class RS Notes will not be assigned a credit rating.

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

A credit 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 credit rating organisation if in its judgment, the circumstances (including a reduction in, or withdrawal of, the credit rating of the Issuer Account Bank, the Swap Collateral Custodian or the Swap Counterparty) in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties might have an adverse effect on the credit rating of the Notes.

### **Risk related to unsolicited ratings on the Notes**

Other credit rating agencies that have not been engaged to rate the Notes by the Issuer may issue unsolicited credit ratings on the Notes at any time. Any unsolicited ratings in respect of the Notes may differ from the ratings expected to be assigned by Fitch and Moody's and may not be reflected in this Prospectus. Issuance of an unsolicited rating which is lower than the ratings assigned by Fitch and Moody's in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes.

### **Risk related to confirmations from Credit Rating Agencies and Credit Rating Agency Confirmations**

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A confirmation from a Credit Rating Agency regarding any action proposed to be taken by the Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders.

While Noteholders are entitled to have regard to the fact that the Credit Rating Agencies have confirmed that the then current credit ratings of the relevant Class of Notes would not be adversely affected, a confirmation from the relevant Credit Rating Agency does not impose or extend any actual or contingent liability on the Credit Rating Agencies to the Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

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

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

Furthermore, it is noted that the defined term “Credit Rating Agency Confirmation” as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation where the Security Trustee has received a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a **confirmation**), but also includes:

- if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an “indication”), or
- if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see Glossary of defined terms).

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Notes. There is, however, no obligation for any party to the Transaction Documents, including the Issuer, to cooperate with or to initiate or propose such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Notes.

## **Forecasts and estimates**

This Prospectus contains forecasts and estimates which constitute forward-looking statement. Such statements appear in a number of places in this Prospectus. These forward-looking statements can be identified by the use of forward-looking terminology, such as the words “estimates”, “goals”, “targets”, “predicts”, “forecasts”, “aims”, “believes”, “expects”, “may”, “will”, “continues”, “intends”, “plans”, “should”, “could” or “anticipates”, or similar terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Notes, the Seller or the Dutch residential mortgage loan industry to differ materially from any future results or performance expressed or implied in the forward-looking statements and estimate. These risks, uncertainties and other factors include, among other things: general economic and business conditions in and outside the Netherlands; currency exchange and interest rate fluctuations; government, statutory, regulatory or administrative initiatives affecting the Seller; changes in business strategy, lending practices or customer relationships; and other factors that may be referred to in this Prospectus. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Some of the most significant of these risks, uncertainties and other factors are discussed under this section Risk Factors, and you are encouraged to consider those factors carefully prior to making an investment decision. The Arranger, the Lead Manager, the Seller and the Security Trustee have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

These forward-looking statements speak only as of the date of this Prospectus. The Issuer, the Arranger and the Lead Manager expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s, the Arranger’s and/or Lead Manager’s expectations with regard thereto or any change in events, conditions or circumstances after the date of this Prospectus on which any such statement is based. These statements reflect the Issuer’s current views with respect to such matters.

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

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear or Clearstream, Luxembourg which are ICSDs, but this does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral 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. On 15 December 2010, the Governing Council of the ECB decided to establish loan-by-loan information requirements for asset-backed securities in the Eurosystem collateral framework. On 28 November 2012, in the guideline of the ECB of 26 November 2012 amending guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem (ECB/2012/25), the ECB laid down the reporting requirements related to the loan-level data for asset-backed securities. Such reporting requirements have applied since 3 January 2013 in the case of residential-mortgage backed securities (RMBS). For asset-backed securities to become or to remain eligible for Eurosystem monetary policy operations, the Eurosystem requires comprehensive and standardised loan-level data on the pool of cash flow generating assets underlying an asset-backed security to be submitted by the relevant parties in the asset-backed security, as set out in appendix 8 (loan level data reporting requirements for asset-backed securities) of the guideline of the ECB of 26 November 2012 amending guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem (ECB/2012/25). Non-compliance with provision of loan-level data will lead to suspension of or refusal to grant eligibility to the

asset-backed security transaction in question. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, the Servicer shall use its best efforts to make such loan-by-loan information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes may not be recognised as Eurosystem Eligible Collateral. The Classes of Notes, other than the Class A Notes, are not intended to be held in a manner which allows Eurosystem eligibility. Application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market on or about the Closing Date. However, there is no assurance that the Notes will be admitted to the official list and trading on the regulated market of Euronext Amsterdam. If the Class A Notes are not admitted to listing, they will not be recognised as Eurosystem Eligible Collateral.

Each of the Issuer, the Seller, the Servicer, the Issuer Administrator, the Arranger and the Lead Manager gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Class A Notes should make its own conclusions and seek its own advice with respect to whether or not the Class A Notes constitute Eurosystem Eligible Collateral.

**Proposed and new legislation dealing with ailing financial institutions give regulators resolution powers which may result in losses to, or otherwise affect rights of, Noteholders and/or may affect credit ratings assigned to the Notes**

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to amongst others a bank or insurer, in particular. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft (*gebeurtenis*) or being the subject of any similar event or measure under foreign law. However, subject to applicable insolvency laws, the Issuer's right to invoke or enforce provisions of the relevant Transaction Documents against such contracting parties falling within the scope such as the Issuer Account Bank would in principle not be affected by the Wft if the exercise of those Issuer's rights is based on grounds other than the intervention by DNB or the Minister of Finance under the Wft (for example, on the basis of a payment default or a credit ratings downgrade not related to or resulting from intervention pursuant to the Wft).

On 6 June 2012, the European Commission issued a proposal for the Bank Recovery and Resolution Directive (**BRRD**) for dealing with ailing banks. The BRRD was adopted by the Council on 6 May 2014 and was published in the Official Journal of the EU on 12 June 2014. Furthermore, the European Parliament has adopted Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (**SRM**). The SRM implements the BRRD in the participating member states. The BRRD gives regulators powers to write down debt (or to convert such debt into equity) of ailing banks, certain investment firms and their holding companies (but excluding insurance companies) to strengthen their financial position and allow such institutions to continue as a going concern subject to appropriate restructuring. The BRRD has been implemented in the Netherlands. The Dutch Minister of

Finance has designated DNB as the national resolution authority under the BRRD. DNB has assumed its duties as national resolution authority as of 1 January 2015.

Especially under the resolution phase the DNB and, where applicable the Single Resolution Board, has far reaching powers and tools. In addition to the sale of business, the bridge institution and the asset separation tool, which resemble the powers of DNB under the Wft, the bail-in tool has been introduced, under which eligible liabilities of a failing institution may be written down or converted. Bail-in can apply to the institution's capital instruments, but also other liabilities, insofar as they are not excluded. In addition, the framework has implications for the exclusion and suspension of contractual rights and the safeguards for contractual counterparties.

If at any time any resolution powers were used by DNB or, as applicable, the Minister of Finance, the Single Resolution Board or any other relevant authority in relation to a counterparty of the Issuer pursuant to the Wft, the BRRD, the SRM or otherwise, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

### **Financial transaction tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or may be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **CRA Regulation**

On 6 January 2015, Commission Delegated Regulation 2015/3 (the **Regulation 2015/3**) on disclosure requirements for the issuer, originator and sponsor of structured finance instruments was published in the Official Journal of the EU.

The Regulation 2015/3 will apply from 1 January 2017, with the exception of Article 6(2) of the CRA Regulation, which applies from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017. As at the date of this Prospectus, certain aspects of the Regulation 2015/3 remain subject to further clarification.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Fitch and Moody's each of which as at the date of this Prospectus is a credit rating agency established in the European Community and registered under the CRA Regulation.

It should be noted that pursuant to the Administration Agreement, the Issuer Administrator has been appointed as the reporting entity in respect of the Notes issued by the Issuer for the purposes of Article 8b of the CRA Regulation and the corresponding implementing measures (including the disclosure, reporting and notification requirements under articles 2 to 7 of Regulation 2015/3).

On the Signing Date, there remains uncertainty as to the potential consequences for the Issuer, related third parties and investors that would result from any potential non-compliance by the Issuer with the CRA Regulation upon application of the reporting obligations.

#### **EU directive on credit agreements for consumers relating to residential property**

On 31 March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers (the **Mortgage Directive**). The Council of the European Union adopted the Mortgage Directive on 28 January 2014 (Directive 2014/17/EU) and it was published in the official journal of the European Union on 28 February 2014. It entered into force twenty days after such publication and Member States will be required to implement the Mortgage Directive into national law by 21 March 2016.

The Mortgage Directive aims to create an EU-wide mortgage credit market with a high level of consumer protection and it applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state of the EU (a **Member State**) on residential immovable property, or secured by a right relating to residential immovable property; (b) credit agreements the purpose of which is to finance the purchase or retention of rights in land or in an existing or proposed residential building; and (c) extends the Consumer Credit Directive (2008/48/EC) to unsecured credit agreements the purpose of which is to renovate residential immovable property involving a total amount of credit above €75,000. The Mortgage Directive also applies to buy-to-let mortgages.

The Mortgage Directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The Mortgage Directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The bill implementing the Mortgage Directive into the Dutch Financial Supervision Act and Book 7 of the Dutch Civil Code was adopted by the Dutch Lower House on 8 March 2016 and approved by the Dutch Senate on 22 March 2016. The decree implementing the Mortgage Directive into the Decree on market conduct supervision Wft and other delegated legislation was published on 13 July 2016 the implementing laws entered into force on 14 July 2016 and introduces new requirements for mortgage credit providers and



intermediaries in the Netherlands, which may have an effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations.

### **Effects of the Volcker Rule on the Issuer**

The Issuer is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7). The Issuer was structured so as not to constitute a “covered fund” for purposes of the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, but was subject to a conformance period for certain funds which concluded on 21 July 2015. Under the Volcker Rule, unless jointly determined otherwise by specified federal regulators, a “covered fund” does not include an issuer which satisfies all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(c) thereunder. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

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

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

Under Dutch 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 Mortgage Receivables will be assigned on the Closing Date by the Seller to the Issuer by way of undisclosed assignment (*stille cessie*) by means of a private deed of assignment which is registered on the Closing Date with the Dutch tax authorities. The Mortgage Receivables Purchase Agreement will provide that the Assignment will not be notified by the Seller or, as the case may be, the Issuer, to the Borrowers except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to Section 7.1 (*Purchase, Repurchase and Sale*).

Until notification of the Assignment, the Borrowers under such Mortgage Receivables can only validly pay the Seller in order to fully discharge their payment obligation (*bevrijdend betalen*) in respect thereof. If the Seller has received any such amounts and is declared bankrupt prior to making such payments to the Issuer, the Issuer has no right of any preference in respect of such amounts and thus has a credit risk against the Seller in respect of such amounts.

Payments made by Borrowers to the Seller prior to notification of the Assignment, but after bankruptcy in respect of the Seller having been declared, will be part of the Seller’s bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the relevant 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 Elan Servicer to directly debit his account for amounts due under the relevant Mortgage Loan. The Elan Servicer has undertaken to directly debit all amounts of principal and interest to the Collection Foundation Account, maintained by the Collection Foundation, which is a bankruptcy remote

foundation (*stichting*). In addition, the 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 Account. The Collection Foundation will have a claim against the Collection Foundation Account Provider (or its successor) as the bank where such accounts are held, in respect of the balance standing to credit of the Collection Foundation Account.

The Issuer has been informed that in the event of a bankruptcy of the Seller any amounts standing to the credit of the Collection Foundation Account relating to the relevant Mortgage Receivables will not form part of the bankruptcy estate of the Seller.

The Collection Foundation is set up as a passive bankruptcy remote entity. The objectives clause of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Account to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt thereof, the Collection Foundation will distribute to the Issuer or, after the delivery of an Enforcement Notice, to the Security Trustee, on any Monthly Payment Date any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Account during the immediately preceding Mortgage Calculation Period, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the Receivables Proceeds Distribution Agreement, the Collection Foundation Administrator and, when the Collection Foundation Administrator ceases to be the collection foundation administrator, a new entity appointed for such purpose will perform such payment transaction services on behalf of the Collection Foundation independent of the Seller, the Issuer or any Elan Issuer.

There is a risk that the Seller (prior to notification of the assignment) or its bankruptcy trustee (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. Firstly, the Seller has under the Receivables Proceeds Distribution Agreement undertaken to the Issuer and the Security Trustee not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Account in respect of the Mortgage Receivables to another account, without prior approval of, amongst others, the Collection Foundation, the Issuer and the Security Trustee and subject to Credit Rating Agency Confirmation. In addition, the Servicer has undertaken to, upon first request of amongst others the Issuer disregard and undo any orders from the Seller to cause the transfer of amounts in respect of the Mortgage Receivables to be made to another account than the Collection Foundation Account without prior approval of each of the Collection Foundation, the Issuer and the Security Trustee and Credit Rating Agency Confirmation. Notwithstanding the above, the Seller is obliged to pay to the Issuer any amounts received in respect of the Mortgage Receivables which were not paid on a Collection Foundation Account, but to the Seller directly upon receipt thereof.

The Collection Foundation's receivables (*vorderingen*) against the Collection Foundation Account Provider as such receivables are or will be reflected from time to time in the balances of the Collection Foundation Account and any other receivables and rights of the Collection Foundation against the Collection Foundation Account Provider now existing or hereafter to the extent arising from or in connection with the Collection Foundation Account will be pledged to the Issuer and any other beneficiaries of mortgage receivables owned or sold by the Seller in view of the (remote) bankruptcy risk of the Collection Foundation, in accordance with the Collection Foundation Account Pledge Agreement.

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

Under Dutch law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements

being met, each Borrower will be entitled to set off amounts due to it by the Seller (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the relevant assignment of the Mortgage Receivable originated by it. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

The Mortgage Conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Dutch law it is doubtful whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After notification of the Assignment to a Borrower, such Borrower will have the right to set-off a counterclaim against the Seller with amounts it owes in respect of the Mortgage Receivable, 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 notification of the Assignment to the relevant Borrower. The question of whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these were held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and became due and payable (*opeisbaar*) prior to notification of the Assignment, provided that all other requirements for set-off have been met (see above).

If notification of the Assignment is made after the bankruptcy of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Code. Under the Dutch Bankruptcy Code a person who/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 which were concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments.

Assuming the Seller has complied with its contractual and statutory obligations in respect of the mortgage loans and assuming it has no other legal relationships with the Borrower the set-off risk would seem of a theoretical nature only. In this respect, the Seller will represent pursuant to the Mortgage Receivables Purchase Agreement that it does not have Other Claims as against the Borrowers. However, should a Borrower nevertheless successfully assert set-off or defence to payments under the Mortgage Receivables, any such loss may be recorded as a Realised Loss as further described in Section 5.3 (*Loss Allocation*).

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

It is not entirely clear from the mortgage loan documentation relating to the Mortgage Receivables whether the security rights qualify as All Moneys Security Rights, meaning that the security rights created pursuant to the mortgage loan documentation, not only secure the loan granted by the Seller to the Borrower for the purpose of acquiring the relevant Mortgaged Asset, but may also secure other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller.

Under Dutch law, mortgages and pledges are “accessory rights” (*afhankelijke rechten*) which automatically follow the receivables they secure upon assignment, unless the security right by its nature is or has been construed as a purely personal right of the assignor. An all moneys security right is not by nature a purely personal right. An all moneys security right is in principle an accessory right. Therefore in principle, the

assignee will also become entitled to such all moneys security right by operation of law. This principle is confirmed by the decision by the Supreme Court (*Hoge Raad*) of 16 September 1988 (NJ 1989, 10) (the **Balkema Case**). In this decision, the Supreme Court ruled that the main rule is that a mortgage as an accessory right transfers together with the receivable it secures. The exception to this main rule is when the mortgage was stipulated as a strictly personal right. The Supreme Court held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivable means that it exclusively vests in the original mortgagee as a strictly personal right, in deviation from the main rule. The wording of the relevant mortgage deed constitutes prima facie evidence of whether the intention of the parties was to create the relevant mortgage as a personal right, although it is not inconceivable that evidence to the contrary is brought forward.

The mortgage loan documentation contains an explicit provision that a mortgage or borrower pledge will follow the receivable upon assignment to a third party. Such wording is a clear indication of the intention of the parties not to create a personal security right. Consequently, in the absence of specific circumstances evidencing an intention contrary to the intention indicated in the mortgage deeds, based on the interpretation of the Balkema Case referred to above, All Moneys Security Rights will thus also (partially) follow the Mortgage Receivables upon their assignment by the Seller, as an accessory and ancillary right upon its assignment and co-owned security rights will come into existence by operation of law.

#### **Risk related to co-owned All Moneys Security Rights by the Seller, the Issuer and the Security Trustee**

If the All Moneys Security Rights have indeed (partially) followed the Mortgage Receivables upon their assignment, the Security Rights would be co-owned by the Issuer and the Seller and would secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any Other Claim and certain risks relating to the enforcement and distribution of foreclosure proceeds apply as discussed below.

##### *Ability to enforce*

If the All Moneys Security Rights are co-owned, the rules applicable to co-ownership (*gemeenschap*) apply. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-owned rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the co-owned rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the co-owned rights (without consent of the others). It is, however, uncertain whether the foreclosure of the security rights will be considered as day-to-day management, and, consequently, whether the consent of the Seller, or the Seller's bankruptcy trustee (in case of bankruptcy) or administrator in case of (preliminary) suspension of payments) may be required for such foreclosure. If the Seller has no Other Claims, there is no reason to assume such consent would be withheld.

##### *Allocation of foreclosure proceeds*

The Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that on the Cut-Off Date the Seller had no Other Claim. If the Seller has no Other Claim at the time of foreclosure of the All Moneys Security Rights, the full foreclosure proceeds will de facto be available to satisfy the Mortgage Receivable.

In the unlikely event that the Seller should have any Other Claim against the Borrower at the time of foreclosure the following applies. The Seller, the Issuer and/or the Security Trustee (as applicable) will agree in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-owned security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the Mortgage Receivables, increased with interest and costs, if any, and the Seller's share will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount in respect of the Mortgage

Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable against the Seller or, in case of bankruptcy or (preliminary) suspension of payments, the Seller's bankruptcy trustee or administrator. The Dutch Civil Code provides for various mandatory rules applying to co-owned rights. Consequently, the arrangements set out in the Mortgage Receivables Purchase Agreement as described in this risk factor may not be enforceable in all respects.

#### *Compensation for breach*

The Seller, the Issuer and the Security Trustee will also agree that the 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 of a breach by the Seller of its obligations in respect of this arrangement (including enforcing the All Moneys Security Rights notwithstanding the above arrangement) or if such arrangement is dissolved, declared void, nullified or ineffective for any reason in respect of the Seller. 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. There is a risk that the Seller is not able to make such payments and this would affect the ability of the Issuer to perform its payment obligations under the Notes. Such claim is unsecured and non-preferred.

#### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in the Section 6.2 (*Description of Mortgage Loans*).

A long lease will, among other things, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of compensation will, among other things, 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 Seller will take into consideration certain conditions, in particular the term of the long lease. The Mortgage Conditions provide that a mortgage loan will become immediately due and payable, among other things, if the long lease terminates, the conditions thereof change or are not adhered to, or if the borrower acquires the ownership (*bloot eigendom*) of the asset without granting a mortgage over the asset.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease. In such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

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

All rights of a Borrower under the Risk Insurance Policies have been pledged to the Seller under a Borrower Insurance Pledge. The right to receive payment under the Risk Insurance Policies will probably be regarded by a Netherlands court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or a debt restructuring scheme pursuant to the Dutch Bankruptcy Code, 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. Accordingly, the Issuer's rights under Risk Insurance Policies pledged by Borrowers may be subject to limitations under Dutch insolvency law, which may, in turn, lead to losses under the Notes.

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

The Seller has been appointed as beneficiary under the Risk Insurance Policies up to the amount owed by the Borrowers to the Seller at the moment when the insurance proceeds under the Risk Insurance Policies become due and payable by the relevant Risk Insurance Company. The Beneficiary Rights will, to the extent legally possible, be assigned by the Seller to the Issuer and will be pledged by the Issuer to the Security Trustee (see section 4.7 (*Security*)), but it is uncertain whether this assignment and pledge will be effective. If the assignment and pledge is not effective this may eventually lead to Losses under the Notes.

## **Mortgage Loan representations and warranties of the Seller are limited**

The representations and warranties made by the Seller are described in Section *Representations and Warranties* in this Prospectus. The representations and warranties of the Seller with respect to the Mortgage Loans will be made as of the Cut-Off Date and, in many cases, are subject to important exceptions, qualifications and other limitations, including being subject to knowledge qualifications and contractual standards of materiality that are different from those generally applicable to disclosures to purchasers of securities. In addition, these representations and warranties are included principally for the purpose of allocating risk among the parties to those agreements rather than to establish matters of fact. Accordingly, these representations and warranties should not be read as characterizations of the current state of facts, but instead should be read in light of the limitations and purposes discussed above and in conjunction with the information provided elsewhere in this Prospectus. The representations and warranties cover a number of potential defects with respect to each Mortgage Loan, but may not cover every potential defect which may result in a Realised Loss. No remedy for breach of Mortgage Loan representations or warranties are available, except that the Elan Servicer under certain conditions, after the expiration of the sixty days cure period if any of the Key Representations given by the Seller in respect of such Mortgage Loans and the Mortgage Receivables are untrue or incorrect in any material respect, is obliged to pay Compensation Payments. The Elan Servicer may also be liable for losses incurred by the Issuer in case of breach Mortgage Loan Criteria and representations and warranties not being Key Representations (see further Section 7.1 (*Purchase, Repurchase and Sale*)). The Elan Servicer has limited liability in respect of all mortgage loans, including the Mortgage Loans.

## **Limited Resources of the Seller**

The Seller will agree, pursuant to the Mortgage Receivables Purchase Agreement to repurchase Mortgage Receivables in certain circumstances (see further Section 7.1 (*Purchase, Repurchase and Sale*)). The ability of the Seller to make any payments in relation to such repurchases or otherwise discharge its liabilities under the Mortgage Receivables Purchase Agreement or any other Transaction Document will be limited.

The Seller has been set up as a thinly capitalised vehicle to originate mortgage loans in the Netherlands. Consequently it has no or limited sources of funds available to it and its obligations under the Transaction Documents are limited recourse obligations. The obligations of the Seller are not guaranteed nor will they be the responsibility of any person other than the Seller, and, as such neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet its repurchase obligations under the Mortgage Receivables Purchase Agreement or otherwise fails to discharge its obligations to make or to make any indemnity payments under the Mortgage Receivables Purchase Agreement or any other Transaction Document.

Each of the Secured Creditors (other than the Seller) and the Issuer has agreed that it will not take any action to wind up the Seller or initiate similar proceedings. This may affect the ability of the Issuer to exercise effectively certain rights under the Mortgage Receivables Purchase Agreement. As further described in risk factor *Risk that the Seller fails to repurchase the Mortgage Receivables* below, as long as the Elan Credit Facility is in place, the Seller may, as long as it originates mortgage loans (including, but not limited to,

further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility. The Elan Lender is under no obligation to put the Seller in funds to satisfy any obligation arising in connection with the Seller's entry into the securitisation transaction and no party, including but not limited to any investor, the Issuer, the Security Trustee or the Seller, has the right to instruct or procure (either directly or indirectly) the Elan Lender to provide the Seller with any funds in order to satisfy such obligations. Potential investors should evaluate the risk of an investment in the Notes as if no drawing for the repurchase obligations will be made under the Elan Credit Facility. Therefore, in the event that the Seller is required to repurchase Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, the Seller may have no or limited funds available to it to effect a repurchase of the relevant Mortgage Receivables or a payment in lieu of such repurchase as a result of which the Seller might not be able to repurchase such Mortgage Receivables, which may have an adverse effect on the Issuer's ability to make payments on the Notes.

### **Risk that the Seller fails to repurchase the Mortgage Receivables**

The Seller will be obliged under certain limited circumstances to repurchase and accept re-assignment of a Mortgage Receivable if (i) on the date on which the Seller wishes to sell to the Issuer any Further Advance Receivable related to such Mortgage Receivable, the Further Advance Purchase Conditions are not satisfied in full or (ii) if on the date on which the Seller wishes to sell to the Issuer any New Ported Mortgage Receivable related to such Mortgage Receivable, the New Ported Mortgage Receivables Purchase Conditions are not satisfied in full or (iii) if the Seller agrees with a Borrower to an amendment of the terms of a Mortgage Loan related to such Mortgage Receivable, or part of such Mortgage Loan and the Mortgage Loan subsequently fails to meet the Mortgage Loan Criteria or such amendment materially adversely changes the position of the Issuer or the Security Trustee (A) *vis-à-vis* the relevant Borrower or (B) under the transaction as envisaged in the Mortgage Receivables Purchase Agreement, provided that if such amendment is made (x) as part of the foreclosure procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (y) in order to comply with any applicable law, the Seller shall not be required to repurchase and accept re-assignment of the relevant Mortgage Receivable. The Seller would need to finance such repurchase from its available assets and available cash. However, the Seller has been set up as a thinly capitalised vehicle to originate mortgage loans in the Netherlands. The Seller may as long as the Elan Credit Facility is in place and as long as it originates mortgage loans (including, but not limited to, further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility. In addition, the Seller has no or limited other sources of funds available to it and its obligations under the Transaction Documents are limited recourse obligations. If the Seller is unable to repurchase Mortgage Receivables or perform its ongoing obligations under the transactions described in this Prospectus, the performance of the Notes may be adversely affected.

### **Loan-to-value ratios are calculated based on appraised value, which may not be an accurate reflection of current market value**

The original loan-to-value ratios that are disclosed in this Prospectus are determined based on their appraised values in appraisals obtained at origination of such Mortgage Loans. Appraisals are opinions of the appraisers as of the date they were prepared and may not accurately reflect the value or condition of the mortgaged property, particularly during periods of volatility in the applicable real estate market (whether local, regional or national). The loan-to-value ratios that are disclosed in this Prospectus may be higher, in some cases significantly higher, than the applicable loan-to-value ratios that would be determined if current

appraised values of the mortgaged properties were used to determine those ratios. Prospective Noteholders should consider that if an appraisal overestimates the prices at which mortgaged properties are actually sold, the proceeds of the mortgage loans may be significantly less than anticipated by Noteholders.

Noteholders are encouraged to make their own determination as to the degree of reliance they place on the loan-to-value ratios that are disclosed in this Prospectus.

**The Borrower Loan to Income and Debt Service-to-Income Ratios as at the Cut-Off Date may not reflect all relevant and current data**

The stratification tables for the Mortgage Loans in the aggregate entitled “Loan to Income”, “Debt Service to Income” in this Prospectus are based on data collected by the Elan Servicer on behalf of the Seller in connection with the origination of the mortgage loans. No assurance can be made that the information regarding a Borrower’s, debt or assets was accurately and completely collected and reported, and no assurance can be given that the information regarding a Borrower’s income, debt or assets that was collected by, or reported to, the Elan Servicer reflected the actual income, debt or assets of the related Borrower. For example, certain debts such as loans that are not reported to the Elan Servicer and loans that were not discoverable by the Seller may not have been included in the debt-to-income ratio calculation. Similarly, assets whose values are difficult to determine may not have been accurately reported to or valued by the Elan Servicer and may have resulted in the Borrower’s assets being overstated. In addition, since income, debt and assets may fluctuate significantly in a short period of time, no assurance can be given that if that information was collected shortly before or after origination of the Mortgage Loan, that the information would not have varied from the information that was collected in connection with the origination of the Mortgage Loan. Noteholders are encouraged to make their own determination as to the degree of reliance they place on the information included in the tables for the Mortgage Loans in the aggregate entitled “Loan to Income”, “Debt Service to Income” in this Prospectus.

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

A good argument can be made that the right to reset the Mortgage Interest Rate 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 in the absence of case law or legal literature, this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

**Risks relating to the procedure for resetting interest rates in respect of Mortgage Receivables purchased by the Issuer**

*The Mortgage Interest Rate in respect of a Mortgage Receivable may be reset to a rate which is lower than its related Mortgage Receivables Swap Rate, senior transaction expenses and the relevant Margins in respect of the Floating Rate Notes, for instance if a limit or cap on mortgage rates is imposed by law or industry self-regulation in the Netherlands*

The Mortgage Interest Rate in respect of any Mortgage Receivable purchased by the Issuer will be reset in accordance with the Seller Interest Rate Policy or the Portfolio Manager Interest Rate Policy, as the case may be, each of which is described in further detail in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*). A key pillar of each interest rate policy is the Cost of Business (including, the Issuer’s Cost of Business) which is to be taken account of by the Seller or the Portfolio Manager, as applicable, when resetting any Mortgage Interest Rate to ensure that the Issuer does not incur any loss by virtue of the



Mortgage Interest Rate being reset at a rate of return which is not sufficient for the Issuer to service its ongoing and future payment obligations (including, any payment obligation owing by it, from time to time, under the Swap Agreement or any Note). As part of the calculation of the Issuer's Cost of Business, each of the Seller and the Portfolio Manager will take account of the proposed Mortgage Receivable Swap Rate submitted by the Back Swap Provider or the Swap Counterparty, as applicable, to the Issuer, which will be the new rate of interest payable by the Issuer to the Swap Counterparty pursuant to the Swap Agreement in respect of the Mortgage Receivable which is subject to a reset, after the reset has taken effect. Accordingly, it is in the interest of the Noteholder that any reset Mortgage Interest Rate should at least be equal to the new Mortgage Receivable Swap Rate, senior transaction expenses and the relevant Margins in respect of the Floating Rate Notes relating to the Mortgage Receivable which is subject to a reset so that the Issuer receives a sufficient rate of return to service its ongoing liabilities.

Each Interest Rate Policy states, however, that if there is any conflict between the rate determined in accordance with the Issuer's Cost of Business (as part of the overall Cost of Business) and the General Policy, the General Policy will always prevail. For example, a limit or cap could be imposed by applicable law or industry self-regulation in the Netherlands on the Mortgage Interest Rate that may be offered to any Borrower in respect of a Mortgage Receivable. If this were to occur and a conflict were to arise between the rate determined under the Cost of Business and the General Policy, the Mortgage Interest Rate would need to be reset in accordance with the General Policy at a rate which is lower than the related Mortgage Receivables Swap Rate payable by the Issuer to the Swap Counterparty. The Issuer would have less funds available to it as a result and this could reduce the rate of return, or otherwise cause losses to arise, in respect of the Notes.

***The Mortgage Receivable Swap Rates and the Issuer's Cost of Business may exceed the Mortgage Interest Rates which may be offered to a Borrower in accordance with principles of fairness required by Dutch law***

As discussed in the risk factor above, the Mortgage Receivable Swap Rate is a key component of calculating the Issuer's Cost of Business for the purposes of any interest rate reset of any Mortgage Receivable. The Mortgage Receivable Swap Rate will be determined and derived by the Swap Counterparty or the Back Swap Provider, as applicable, by reference to the key components described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*). One of the key components includes the hedging costs of the relevant swap counterparty which will be determined by that swap counterparty by reference to, among other things, the swap rates offered and available to it in the international swap markets at the time. The Swap Counterparty or the Back Swap Provider, as applicable, will also have regard to its own Euribor curve (i.e. a curve reflecting fixed rates (the swap rates) that would be payable under market standard Euro-denominated interest rate swap transactions under which one party pays a fixed rate and the other party pays three-month Euribor over different tenors) which reflects, in part, the relevant swap counterparty's own view of potential future interest rates.

In addition, the Mortgage Interest Rate of any Mortgage Receivable will have to be reset in accordance with certain overarching principles of reasonableness and fairness relating to the Dutch mortgage market as required by applicable law. The test of fairness will be dependent, in part, on the mortgage rates generally available to borrowers in the Netherlands at the time.

It is possible that the Swap Counterparty or the Back Swap Provider, as the case may be, submits a Mortgage Receivable Swap Rate to the Issuer determined in accordance with the key components described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*) which is a rate that exceeds the Mortgage Interest Rate which may be offered to a Borrower in accordance with the principles of fairness. In this respect it is also noted that the Back Swap Counterparty and the Swap Counterparty on the one hand and the Issuer on the other hand have conflicting interests (please see risk factor *Potential Conflicts of Interest of Goldman, Sachs & Co. and its Affiliates* above in respect of conflicts of interest of, amongst other parties, the Back Swap Provider). If this were to occur and a conflict were to arise, the Mortgage Interest Rate would need to

be reset in accordance with the principles of reasonableness and fairness at a rate which is lower than the related Mortgage Receivables Swap Rate, senior transaction expenses and the relevant Margins in respect of the Floating Rate Notes, payable by the Issuer to the Swap Counterparty. The Issuer would have less funds available to it as a result and this could reduce the rate of return, or otherwise cause losses to arise, in respect of the Notes.

***In addition to the Issuer's Cost of Business, the Seller is required to take account of its own Cost of Business and the Cost of Business of any other Elan Issuer***

The Seller is required to take account of its own Cost of Business and the Cost of Business of any other Elan Issuer, in addition to the Issuer's Cost of Business, because the Seller must offer the same rate to new and current borrowers, whether or not the related mortgage loan is still owned by the Seller or is only administered by the Seller on behalf of the Issuer or any other Elan Issuer. The Issuer has no role in determining or influencing the Cost of Business of the Seller or any other Elan Issuer and is reliant on the Seller and/or other third parties with respect thereto. However, the Seller is required to reset the fixed rate of any Fixed Rate Mortgage Receivable and at that time the Seller is also setting or resetting the interest rate in respect of any other mortgage loan it is originating (or otherwise administering on behalf of another Elan Issuer), it will be required to take account of the highest Cost of Business in respect of the Issuer, the Seller (if it is originating a mortgage loan at that time or resetting the interest rate in respect of such mortgage loan) and any relevant Elan Issuer (if at that time it is resetting the interest rate of any mortgage loan owned by that Elan Issuer) to ensure that no party makes a loss after taking into account that party's weighted average cost of capital, operating costs and reasonable estimate of cost of credit. Accordingly, the interest rate offered to any Borrower in respect of any rate reset will be determined on the assumption that the highest Cost of Business out of the Issuer, the Seller or any relevant Elan Issuer is to be reflected in the relevant reset rate, which may lead to different prepayment behaviour by Borrowers on their Mortgage Loans and which may, in turn, lead to losses under the Notes.

**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. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings or liquidity, 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.

The ultimate effect of the credit, liquidity and interest risks described in this risk factor could lead to delayed and/or reduced amounts received by the Issuer which as a result could lead to delayed and/or reduced payments on the Notes and/or the increase or decrease of the rate of repayment of the Notes.

**Risk related to Construction Deposits**

Pursuant to the Mortgage Conditions, the Borrowers have the right to request that part of the Mortgage Loan is withheld as a Construction Deposit.

If the Seller is subsequently unable to pay the relevant amount of Construction Deposit to the Borrowers, the Borrowers may invoke defences or set-off such amounts with their payment obligations under the Mortgage Loans. This risk is mitigated as follows. The Issuer and the Seller have agreed in the Mortgage Receivables Purchase Agreement (i) that the Issuer shall withhold from the Initial Purchase Price for the Mortgage Receivables to be assigned on the Closing Date an amount equal to the Aggregate Construction Deposit Amount. Such amount will be credited to the Construction Deposit Account and (ii) that on each date on which a Further Advance Receivable or New Ported Mortgage Receivable with a Construction Deposit is purchased by the Issuer, the Construction Deposit Amount relating to such Further Advance or New Ported Mortgage Loan will be withheld from the Initial Purchase Price for such Further Advance Receivable or New Ported Mortgage Receivable and credited to the Construction Deposit Account.

On a daily basis, the Servicer, on behalf of the Issuer, may debit from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the Aggregate Construction Deposit Amount relating to the Mortgage Receivables and the balance standing to the credit of the

Construction Deposit Account, and pay such amount to the Seller, except if and to the extent the Borrower has invoked set-off or defences.

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised, but ultimately within nine months. The period in which the Construction Deposit may be drawn by a Borrower may be extended by agreement among the Borrower and the Seller beyond the prescribed nine month period, for a period of six months, but only in limited circumstances, including among other things, delays to construction due to adverse weather conditions, for medical reasons, limited capacity of the construction company and delays in obtaining building permits. A Borrower will receive interest in respect of the Construction Deposit during the initial nine month period. However, during any period of extension, the Borrower will not receive any interest in respect of the Construction Deposit. Upon the expiry of any such period, the remaining Construction Deposit will be set off against the Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the Construction Deposit Account will be transferred to the Issuer Collection Account and form part of the Available Principal Funds. If an Assignment Notification Event set out under (e) (see Section 7.1 (*Purchase, Repurchase and Sale*)) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price, and the remaining Aggregate Construction Deposit Amount will be transferred to the Issuer Collection Account and form part of the Available Principal Funds.

The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes a set-off or defences would exceed the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

### **Risks related to Portable Mortgage Receivables**

For Portable Mortgage Receivables whereby the New Mortgaged Asset is purchased prior to sale of the Old Mortgaged Asset, the Borrower will be required to notify the Servicer of its intention to take out a New Ported Mortgage Loan. The purchase of the New Mortgaged Asset and the sale of the Old Mortgaged Asset have to be executed within a period of up to twelve months of each other. Therefore, the Borrower may have two Mortgage Loans outstanding with the Seller, in each case secured against separate Mortgaged Assets and this means an increased exposure of the Seller to such Borrower. If such Borrower would be unable to repay one of its Mortgage Loans this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

### **No investigations in relation to the Mortgage Loans and the Mortgaged Assets**

None of the Issuer, the Security Trustee, the Arranger, the Lead Manager or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Seller concerning itself, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The Issuer and the Security Trustee will rely solely on representations and warranties given by the Seller in respect thereof and in respect of itself.

Should any of the Mortgage Loans and the Mortgage Receivables not comply in any material respect with the Key Representations made by the Seller on the Closing Date and in respect of any Further Advance Receivables purchased by the Issuer on the relevant Notes Payment Date, the Elan Servicer will, if the relevant breach cannot be remedied within the cure period and no third party buyer can be found, be required to pay Compensation Payments to the Issuer (see Section 7.1 (*Purchase, Repurchase and Sale*)). Should the Elan Servicer fail to take the appropriate action or the amount of damages is not reimbursed fully, this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

## **Risks of Losses associated with declining values of Mortgaged Assets**

The security for the Notes created pursuant to the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. The value of the Mortgaged Assets is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in deductibility of interest on mortgage payments). Furthermore, the value of the Mortgaged Assets is exposed to destruction and damage resulting from floods and other natural and man-made disasters. 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 Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

## **Risks that the foreclosure proceeds will be insufficient**

As of the Cut-Off Date, the Mortgage Loans have a Current Loan to Original Foreclosure Value Ratio and Current Loan to Original Market Value Ratio of up to and including 123.85 per cent. and 105.27 per cent., respectively. The appraisal foreclosure value (*executiewaarde*) of the property on which a Mortgage is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant mortgaged property. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure on the relevant Mortgaged Asset or that the proceeds upon foreclosure will be equal to at least the Original Foreclosure Value or the Indexed Foreclosure Value of such Mortgaged Asset (see section 6.2 (*Description of Mortgage Loans*)) and it is likely that the proceeds will be below the market value.

The higher the Original Loan to Original Foreclosure Value Ratio or the Current Loan to Indexed Foreclosure Value Ratio is, the higher the possibility that this risk will materialise. Materialisation of this risk may lead to losses under the Notes.

Accordingly, there is a risk that, on the enforcement of security over the relevant property not all amounts owing by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure of the related property together with any proceeds of the enforcement of any other security for the Mortgage Loan. If there is a failure to recover such amounts, this would result in a Realised Loss which may lead to losses under the Notes.

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

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which Interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52 per cent. rate (highest income tax rate) the interest deductibility will be reduced with 0.5 per cent. per year (i.e. 50.5 per cent. in 2016) until the rate is equal to the third-bracket income tax rate (currently 42 per cent.). This tax rate, as well as the rate against which the mortgage interest may be deducted, will eventually be reduced to 38 per cent. (starting in 2018).

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such 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*.

### **Underwriting criteria and procedures may not identify or appropriately assess repayment risks**

The Seller has represented or will be required to represent, as the case may be that, when originating Mortgage Loans, New Ported Mortgage Loans and Further Advances, it did so in accordance with underwriting criteria and procedures it has established. The underwriting criteria and procedures may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan (including a New Ported Mortgage Loan or a Further Advance) will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Seller's underwriting criteria and procedures in originating a Mortgage Loan (including a New Ported Mortgage Loan or a Further Advance), those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting criteria and procedures may not in fact compensate for any additional risk.

### **Valuations, risks of losses associated with declining property values and the effect on the housing market owing to weakening economic conditions**

Valuations commissioned as part of the origination of Mortgage Loans, represent the analysis and opinion of the appraiser performing the valuation at the time the valuation is prepared and are not guarantees of, and may not be indicative of, present or future value. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to and same method of valuing the property.

The security for the Notes created under the Pledge Agreements may be affected by, among other things, a decline in the value of those properties subject to the Mortgages securing the Mortgage Receivables and investments under the Risk Insurance Policies. No assurance can be given that values of those properties have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans.

In addition, a forced sale of those properties may, compared to a private sale, result in a lower value of such properties. A decline in value may result in losses to the Noteholders if such security is required to be enforced. To the extent that specific geographic regions within the Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region could exacerbate certain risks relating to the Mortgage Loans. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. See further sections 6.2 (*Description of Mortgage Loans*).

**Portfolio Information**

The numerical information set out in Section 6.1 (*Stratification Tables*), relates to the Pool as of the Cut-Off Date. Therefore, not all such information necessarily corresponds to the details of the Mortgage Receivables as of the Closing Date. Furthermore, after the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables as well as the purchase of Further Advance Receivables and New Ported Mortgage Receivables. The Mortgage Loans have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement.

However, there can be no assurance that any New Ported Mortgage Receivables or Further Advance Receivables acquired by the Issuer after the Closing Date will have the exact same characteristics as exhibited by the Pool.

### **3. PRINCIPAL PARTIES**

#### **3.1 Issuer**

DCDML 2016-1 B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 16 February 2016. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its telephone number is +31 205214777. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 65360826.

The Issuer is a special purpose vehicle, whose objectives are (a) to acquire, purchase, manage, alienate and encumber receivables that arise from or in connection with the granting of mortgage loans by any third party and to exercise any rights connected to such receivables, (b) to acquire funds to finance the acquisition of receivables mentioned under (a), by way of issuing bonds or other securities or by way of entering into loan agreements, to enter into agreements in connection thereto and to repay such bonds, securities or loan agreements, (c) to lend and to invest any funds held by the Issuer, (d) to limit interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) in connection with the foregoing: (i) to borrow funds, among other things to repay the obligations under the securities mentioned under (b); (ii) to grant and to release security rights to third parties and (f) to perform all activities which are incidental to or which may be conducive to the attainment of these objects, all in the broadest sense of the word.

The Issuer has an issued share capital of EUR 1 which is fully paid-up. The share capital of the Issuer is held by Stichting Holding DCDML 2016-1 (see Section 3.2 (*Shareholder*)).

#### **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 described 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.

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 Transaction Documents.

The sole managing director of the Issuer is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, P. de Langen, D.J.C. Niezing, A.R. van der Veen and C.W. Streefkerk. The managing directors of Intertrust Management B.V. have chosen domicile at the office address of Intertrust Management B.V., being Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The sole shareholder of Intertrust Management B.V. is Intertrust (Netherlands) B.V. The objectives of Intertrust Management B.V. are (a) advising of and mediation with respect to financial and related transactions, (b) finance company, and (c) management of legal entities. Intertrust Management B.V. is also the Shareholder Director.

The Issuer Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee. In the Issuer Management Agreement the Issuer Director agrees and undertakes, among other things, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Dutch business



practice and in accordance with the requirements of Dutch law and Dutch accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from any action detrimental to any of the Issuer's rights and obligations under the Transaction Documents.

The Issuer Management Agreement may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Issuer Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer Director or the Issuer Director being declared bankrupt or granted a suspension of payments, provided that the Credit Rating Agencies are notified of such default and after consultation with the Secured Creditors, other than the Noteholders. Furthermore, the Issuer Management Agreement can be terminated by the Issuer Director or the Security Trustee on behalf of the Issuer upon ninety (90) days prior written notice. The Issuer Director shall resign upon termination of the Issuer Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment.

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

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole managing director of the Security Trustee, belong to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, among other things, (i) do all that an adequate managing director (*statutair directeur*) should do and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant Management Agreement that it shall not agree to any modification of any agreement including, but not limited to, the Transaction Documents to which the Issuer, the Security Trustee and/or the Shareholder is a party, or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2017.

### 3.2 Shareholder

Stichting Holding DCDML 2016-1 is a foundation (*stichting*) incorporated under Dutch law on 16 February 2016. The statutory seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The registered office of the Shareholder is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its telephone number is +31 205214777. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 65355431. The objectives of the Shareholder are, *inter alia*, to incorporate, to acquire and to hold shares in the capital of the Issuer, to manage and administer the shares in the Issuer, to exercise all rights attached to the shares in the Issuer, to grant loans to the Issuer and to transfer and encumber the shares in the Issuer.

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole managing director of the Security Trustee, belong to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, among other things, (i) do all that an adequate managing director (*statutair directeur*) should do and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant Management Agreement that it will procure that the relevant entity will not enter into any agreement in relation to the Issuer, the Security Trustee and/or the Shareholder, other than the Transaction Documents to which it is a party, unless permitted under the Transaction Documents, without the prior written consent of the Security Trustee and that the Security Trustee will only enter into any agreement other than the Transaction Documents to which it is a party, under certain conditions.

The Shareholder Director has entered into the Shareholder Management Agreement with the Shareholder, the Issuer and the Security Trustee pursuant to which the Director agrees and undertakes to, among other things, (i) manage the affairs of the Shareholder in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch accounting practices, and (ii) refrain from any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents.

### 3.3 Security Trustee

Stichting Security Trustee DCDML 2016-1 is a foundation (*stichting*) incorporated under Dutch law on 16 February 2016. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 205214777. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 65356748.

The objectives of the Security Trustee are (a) to act as agent and/or trustee for the Noteholders and any other Secured Creditors; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the Secured Creditors, including the Noteholders, and to perform acts and legal acts and enter into agreements which are conducive to the holding of the abovementioned security rights (including the acceptance of a parallel debt obligation from, amongst others, the Issuer); (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 Amsterdamsch Trustee's Kantoor B.V., having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are O.J.A. van der Nap, C.J.M. Coremans and S.S.N. Ramcharan – Razab-Sekh.

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

The Security Trustee Director has entered into the Security Trustee Management Agreement with the Security Trustee and the Issuer. In the Security Trustee Management Agreement the Security Trustee Director undertakes, among other things, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and in such manner as to not adversely affect the then current ratings assigned to the Notes and (ii) refrain from taking any action detrimental to the Security Trustee's rights and the ability to meet its obligations under or in connection with the Transaction Documents. In addition the Security Trustee Director undertakes in the Security Trustee Management Agreement that it will not agree to any alteration of any agreement including, but not limited to, the Transaction Documents other than in accordance with the Trust Deed.

The Trust Deed provides that the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable to the Secured Creditors under the Transaction Documents have been paid in full. However, the Noteholders of the Most Senior Class shall have the power, exercisable only by an Extraordinary Resolution, to remove the Security Trustee Director as director of the Security Trustee. The Security Trustee Management Agreement with the Security Trustee Director may be terminated by the Security Trustee (or the Issuer on its behalf) upon the occurrence of certain termination events, including, but not limited to, a default by the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments, provided that the Credit Rating Agencies are notified of such default and after consultation with the Secured Creditors, other than the Noteholders. Furthermore, the Security Trustee Management Agreement can be terminated by the (a) Security Trustee Director or (b) the Security Trustee, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in connection with such termination, upon ninety (90) days prior written notice given by (i) the Security Trustee Director to the Security Trustee or (ii) by the Security Trustee to the Security Trustee Director and the other parties to the Security Trustee Management Agreement. In the event of termination,

the Security Trustee Director shall fully co-operate with the other parties to the Security Trustee Management Agreement and do all such acts as are necessary to appoint a new director. The Security Trustee Director shall resign upon termination of the Security Trustee Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Issuer, after having consulted with the Secured Creditors (other than the Noteholders) has been appointed and (b) that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment.

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole managing director of the Security Trustee, belong to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, among other things, (i) do all that an adequate managing director (*statutair directeur*) should do and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant Management Agreement that it will procure that the relevant entity will not enter into any agreement in relation to the Issuer, the Security Trustee and/or the Shareholder, other than the Transaction Documents to which it is a party, unless permitted under the Transaction Documents, without the prior written consent of the Security Trustee and that the Security Trustee will only enter into any agreement other than the Transaction Documents to which it is a party, under certain conditions.

### 3.4 Seller

#### *Corporate Identity and structure*

Dynamic Credit Woninghypotheken B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, incorporated on 23 January 2015, having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Fascinatio Boulevard 1302, 2909 VA Capelle aan den IJssel, the Netherlands, registered with the trade register of the Dutch Chamber of Commerce under number 62473867.

The shareholder of the Seller is Stichting Holding Dynamic Credit Woninghypotheken. Stichting Holding Dynamic Credit Woninghypotheken is a holding company only and has no business other than acting as the holding company of Dynamic Credit Woninghypotheken B.V., which is the purpose for which it was newly incorporated.

The director of the Seller is Maples Fiduciary Services (Netherlands) B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office address at Strawinskylaan 1209, A Toren, 12e etage, 1077XX Amsterdam, the Netherlands, registered with the trade register of the Dutch Chamber of Commerce under number 60468521.

Dynamic Credit Woninghypotheken B.V. has no employees and all activities of the Seller have been outsourced to third party providers, including but not limited to, the Elan Servicer.

Dynamic Credit Woninghypotheken B.V. is expected to be renamed Elan Woninghypotheken B.V. within 3 months following the Closing Date and Stichting Holding Dynamic Credit Woninghypotheken is expected to be renamed Stichting Holding Elan Woninghypotheken within 3 months following the Closing Date.

For the avoidance of doubt, other than through DCP's role as Portfolio Manager, DCP and its group companies have not been involved in the preparation of this Prospectus and the Transaction Documents. As such it is noted that this Prospectus is not made available on behalf of DCP and/or any of its group companies and DCP takes no responsibility for the content of this Prospectus other than the information in respect of it contained in Section 3.7 (*Portfolio Manager*) of this Prospectus.

#### *Business activities*

Dynamic Credit Woninghypotheken B.V. originates mortgage loans solely through its agents and holds mortgage loans as lender of record. The objects of the Seller are (a) to on-lend and invest any funds held by the Seller by providing mortgage loans to natural persons for the purpose of financing residential properties situated in the Netherlands, (b) to acquire, purchase, manage, dispose of, alienate and encumber receivables and to exercise any rights connected to such receivables, (c) to take up loans by way of issuing securities, granting participations, entering into of loan agreements or otherwise to fund the mortgage loans referred to under (a), to enter into agreements in connection thereto and to repay such securities, participations, loan agreements and other obligations, (d) to acquire, exploit and alienate residential properties and any of the assets in relation thereto, (e) to hedge interest rates and other financial risks amongst others by entering into derivatives agreements, including swap agreements, (f) to bind the Seller as surety or joint and several co-debtor, to secure the debts of a third party, to grant securities over its assets for the Seller's own obligations and/or of third parties and to release such security rights, (g) to acquire, dispose of, hold, manage and/or exploit patents, trade names, trademarks, installations, processes, licences, know how, copyrights, royalties and other intellectual and/or industrial property rights, and to license such rights and to acquire and exploit licenses, in the Netherlands and abroad, and to perform all activities which are incidental to or which may be conducive to any of the foregoing, all to be interpreted in the broadest sense.

Accordingly, the Seller has no or limited funds and resources available to it to satisfy any obligations owing by it under or in connection with any Transaction Documents (although its agent, the Elan Servicer, has accepted certain liability towards the Issuer in respect of the Mortgage Loans which is described in more detail in Section 7.1 (*Purchase, Repurchase and Sale*) below). In addition, each of the Secured Creditors (other than the Seller) and the Issuer has explicitly acknowledged in the Transaction Documents that it will not take any action to wind up the Seller or institute similar proceedings in any circumstance. Any claim which the Issuer may have against the Seller will only be satisfied to the extent the Seller has resources available to it.

The Seller acts as an offeror (*aanbieder*) of mortgage loans as referred to in article 2:60 Wft. For the purpose thereof, the Seller has become an admitted institution of Quion Groep B.V., its agent, in accordance with article 2:105 Wft and article 4:5 Wft. As an admitted institution it has the benefit of Quion Groep B.V.'s umbrella license within the meaning of article 2:105 Wft. However, in the event that the Seller would no longer be an admitted institution of Quion Groep B.V. or that Quion Groep B.V. would lose its umbrella license, the Seller would have to obtain a licence as offeror (*aanbieder*) of mortgage loans itself or would have to terminate its activities.

To finance its business activities the Seller has entered into the Elan Credit Facility. The maximum limit of the Elan Credit Facility may be increased or decreased from time to time. The purpose of the Elan Credit Facility is, among other things, to finance the Seller's origination of residential mortgage loans to borrowers located in the Netherlands, to finance the operations of the features of those mortgage loans (including, construction deposits, further advances and portability) and to pay certain fees, costs and expenses in relation to the origination of mortgage loans. Furthermore, as long as the Elan Credit Facility is in place, the Seller may, as long as it originates mortgage loans (including, but not limited to, further advances and new ported mortgage loans), borrow funds to finance such mortgage loans as well as related repurchase obligations pursuant to the Mortgage Receivables Purchase Agreement it may owe to the Issuer, from the Elan Lender, subject to and in accordance with the limitations and other terms as set out in the Elan Credit Facility. The Elan Lender is under no obligation to put the Seller in funds to satisfy any obligation arising in connection with the Seller's entry into the securitisation transaction and no party, including but not limited to any investor, the Issuer, the Security Trustee or the Seller, has the right to instruct or procure (either directly or indirectly) the Elan Lender to provide the Seller with any funds in order to satisfy such obligations. Potential investors should evaluate the risk of an investment in the Notes as if no drawing for the repurchase obligations will be made under the Elan Credit Facility. The Elan Lender also has the benefit of security over the assets of the Seller, including but not limited over the shares in the Seller and the mortgage receivables owned by the Seller (which for the avoidance of doubt does not include the Mortgage Receivables).

#### *Financial information*

Dynamic Credit Woninghypotheken B.V.'s auditors are Deloitte Accountants B.V.

### 3.5 Servicer

The Issuer has, in accordance with the terms of the Servicing Agreement, appointed Quion Services B.V. as its Servicer and BNP Paribas Securities Services, Luxembourg Branch as the Back-up Servicer Facilitator to carry out (part of) the activities described in the Servicing Agreement. Quion Services B.V. has, in accordance with the terms of the Servicing Agreement, agreed to provide certain mortgage loan services to the Issuer on a day-to-day basis which include, among other things, as follows:

- (a) bill, collect and record payments on the Mortgage Receivables;
- (b) keep records/books of account/documents for the Issuer in relation to the Mortgage Receivables;
- (c) carry out any activities with regard to the Mortgage Receivables and the Mortgages in accordance with the practice of a reasonably acting mortgage servicer and the then current foreclosure procedures and do all such things and prepare and send to the Borrowers and/or any other relevant parties all such documents and notices which are incidental thereto, including the co-operation with any repurchase of Mortgage Receivables by the Seller, to the extent applicable;
- (d) subject to the provisions of the Servicing Agreement take all reasonable steps to recover all sums due under or in connection with the Mortgage Loans, including, without limitation any security as required and –to the extent possible – making claims under Risk Insurance Policies;
- (e) if and to the extent necessary, communicate with the Borrowers;
- (f) with effect from and including the occurrence of a Seller Interest Reset Termination Event: (i) notify the Portfolio Manager of any upcoming Interest Reset Dates in respect of any Mortgage Receivable on each Mortgage Report Date falling on the fifth Business Day following the end of each Mortgage Calculation Period, (ii) on an Interest Determination Date confirm by email the Proposed Interest Rates to the Portfolio Manager and (iii) on an Interest Reset Proposal Date send the Proposed Interest Rates to the relevant Borrowers in the name and on behalf of the Issuer;
- (g) (i) upon instruction of the Security Trustee notify the Borrowers of the assignment after an Assignment Notification Event has occurred and/or (ii) the Security Trustee after a Pledge Notification Event has occurred;
- (h) acting on the advice or instruction of the Portfolio Manager regarding any decision on borrower special servicing situations and request instruction following such instruction;
- (i) acting on the instruction of the Portfolio Manager regarding any decision on changing the terms and conditions of a Borrower's Mortgage Interest Rate in the event of (potential) default of the Borrower, including any request for revision interest rate conditions in case of any arrears;
- (j) acting on the instruction of the Portfolio Manager regarding any decision on any actual, potential or suspected case of fraud on the basis of advice and information received from it, including, the Servicer's legal department or affairs division and notify the Portfolio Manager of steps taken pursuant to the instruction of the Portfolio Manager;
- (k) acting on the instruction of the Portfolio Manager regarding any decision on any complaints from Borrowers, where the Servicer requests or requires guidance from the Issuer, including, consulting external counsels, if necessary;
- (l) investigate payment delinquencies of the Borrowers;

- (m) take all other action and do all other things which it would be reasonable to expect a reasonably prudent provider of mortgage loan services to do in respect of providing services with regard to mortgage loans;
- (n) assist the auditors of the Issuer and provide information to them upon reasonable request;
- (o) verify that the maturity of a New Ported Mortgage Loan or Further Advance does not exceed the maturity of the mortgage loan granted in connection with the Old Mortgaged Asset or the original loan parts respectively;
- (p) inform the Portfolio Manager, the Issuer and the Issuer Administrator about (i) the expiry dates of the Construction Deposits connected to some of the Mortgage Loans, (ii) any changes to these expiry dates and (iii) when a Construction Deposit is fully disbursed;
- (q) inform the Portfolio Manager, the Issuer and the Issuer Administrator about any negative difference between the Outstanding Principal Amount of the New Ported Mortgage Loan and the mortgage loan granted in connection with the Old Mortgaged Asset;
- (r) submit notices to the Issuer and the Issuer Administrator for the purchase of any Further Advance Receivables or New Ported Mortgage Receivables or drawings under Construction Deposits;
- (s) perform any other obligations imposed on the Servicer under the Servicing Agreement; and
- (t) take all other action and do all other things which would be reasonable to expect to give effect to the above mentioned activities.

Reference is made to Section 7.1 (*Purchase, Repurchase and Sale*) for Quion Services B.V.'s liability in its capacity as Elan Servicer in respect of its performance of these mortgage loan services.

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

Quion Groep B.V. (**Quion Groep**), whose registered office is in Rotterdam, is an independent mortgage servicer, focused on the total coordination of mortgages for third parties. Quion Groep offers a full range of mortgage servicing activities to financial institutions, from origination and monthly collections, to arrears and foreclosure management of the mortgage loan portfolios. Quion Groep 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 Groep (then named Hypotrust B.V.) was founded to meet the demand by financial institutions for an efficient way to invest directly in the Dutch mortgage market. The mortgage loans are distributed through a network of 1,750 independent intermediaries.

Quion Groep identifies specific mortgage pools based on underwriting criteria and provides portfolio data for investor reporting in securitisation transactions. To ensure services continuity, Quion Groep has set up a mechanism to safeguard its software, giving the mortgage lenders the ability to obtain the services from Quion Business Continuity B.V. in the event that Quion Groep discontinues its operations. Quion Groep employs special fraud officers and has developed a fraud policy based on its extensive experience in the mortgage industry.

Quion Groep presently services over 300,000 mortgages, a portfolio of about EUR 50 billion.

Quion Groep is one of the highest rated servicers in the Dutch market. In August 2015, Fitch upgraded Quion Groep's Dutch Residential Primary Servicer rating to "RPS2+" from "RPS2" and affirmed its Dutch



Residential Special Servicer rating at “RSS2”. In October 2016, Fitch upgraded its Dutch Residential Special Servicer rating to “RSS2+”.

Quion Hypotheekbegeleiding B.V., Quion Hypotheekbemiddeling B.V. and Quion Services B.V. are wholly-owned subsidiaries of Quion Groep. By means of its subsidiaries Quion Groep is an independent mortgage servicer that 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 mortgage loan portfolios.

The information under this heading has been provided by Quion Groep.

### **3.6 Issuer Administrator**

The Issuer has appointed Intertrust Administrative Services B.V. to act as Issuer Administrator in accordance with the terms of the Administration Agreement and as such to provide the Issuer Services.

Intertrust Administrative Services B.V. is incorporated under Dutch law as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid), having its corporate seat in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 20 5214 777. The Issuer Administrator is registered with the Commercial Register of the Chamber of Commerce under number 33210270.

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

The managing directors of Intertrust Administrative Services B.V. are D.J.C. Niezing, P. de Langen and E.M. van Ankeren. The sole shareholder of Intertrust Administrative Services B.V. is Intertrust (Netherlands) B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands and having its corporate seat (statutaire zetel) in Amsterdam, the Netherlands. The managing directors of Intertrust (Netherlands) B.V. are O.J.A. van der Nap, P. de Langen, D.J.C. Niezing and A.R. van der Veen. Intertrust (Netherlands) B.V. is also the sole shareholder of the Director of the Issuer, the Shareholder and the Security Trustee.

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole managing director of the Security Trustee, belong to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by each of the Directors with the entity of which it has been appointed managing director (statutair directeur), each of the Directors agrees and undertakes to, among other things, (i) do all that an adequate managing director (statutair directeur) should do and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant Management Agreement that it will procure that the relevant entity will not enter into any agreement in relation to the Issuer, the Security Trustee and/or the Shareholder, other than the Transaction Documents to which it is a party, unless permitted under the Transaction Documents, without the prior written consent of the Security Trustee and that the Security Trustee will only enter into any agreement other than the Transaction Documents to which it is a party, under certain conditions.

### 3.7 Portfolio Manager

The Issuer has appointed Dynamic Credit Partners Europe B.V. (**DCP**) to act as its Portfolio Manager in accordance with the terms of the Portfolio Management Agreement.

DCP is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office address at Fred. Roeskestraat 97, 1076 EC Amsterdam, the Netherlands, registered with the trade register of the Dutch Chamber of Commerce under number 34249587. It has a licence to act as a credit intermediary pursuant to article 2:80 Wft.

DCP was founded in 2006 and is an alternative fixed income asset management and advisory firm and risk analysis software provider that is regulated by the AFM. DCP offers expertise on loan origination, lending services and credit management processes and provides active portfolio management over portfolios of asset backed securities and corporate credit. In addition, DCP is an active player in the origination, valuation and direct management of portfolios of mortgage loans (at 30 June 2016 the mortgage loans under management totalled around EUR 4 billion).

DCP has, in accordance with the terms of the Portfolio Management Agreement, agreed to provide certain portfolio management services to the Issuer on a day-to-day basis which include, among other things, as follows:

- (a) the resetting of the Mortgage Interest Rates in relation to Mortgage Loans owned by the Issuer upon the occurrence of a Seller Interest Reset Termination Event, subject to and in accordance with the Interest Rate Reset Agreement and the Portfolio Manager Interest Rate Policy;
- (b) ongoing credit management services which include instructing the Servicer (i) regarding any decision on borrower special servicing situations in relation to defaulted Mortgage Loans and monitor such situations and (ii) regarding any decision with respect to a request of a Borrower to extend the term of the Construction Deposits, including any proposal for the duration of the extension period;
- (c) after the occurrence of any Seller Interest Reset Termination Event, the validation of suggested changes proposed or required to be made to the Portfolio Manager Interest Rate Policy as a result of changes to applicable laws, rules and regulations proposed by the Servicer;
- (d) in consultation with the Servicer, the performance of any auction of any Mortgage Loan on behalf of the Issuer required due to the breach of any Key Representation relating to that Mortgage Loan (see Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus for the circumstances in which an auction will be required); and
- (e) recording (i) all claims made by the Seller, the Issuer and any relevant Elan Issuer during a calendar year for breaches of representations and warranties with respect to the Mortgage Loans and the Mortgage Receivables resulting therefrom and for breaches of the Mortgage Loan Criteria by the Elan Servicer and (ii) all payments made by the Elan Servicer into the Collection Foundation Account and notifying the Collection Foundation Administrator accordingly.

The Portfolio Manager shall indemnify the Issuer in respect of any loss or liability (but excluding any economic loss (*gederfde winst*) and any consequential loss (*gevolgschade*), but including all reasonably incurred costs, expenses and fees (including costs, expenses and fees of any legal and/or regulations advisor to the Issuer in relation to an Issuer Breach (as defined below)) incurred by it in connection with any breach by the Portfolio Manager of (a) any of its obligations under the portfolio management services as set out in

the Portfolio Management Agreement or (b) any obligation which the Portfolio Manager has towards the Issuer under the Portfolio Management Agreement or the Interest Rate Reset Agreement or (c) any representation, warranty or undertaking provided by the Portfolio Manager to or for the benefit of the Issuer under the Portfolio Management or the Interest Rate Reset Agreement (item (a), (b) and (c) together referred to as an **Issuer Breach**), unless such loss or liability is the result of (i) any action or the failure to take action by the Issuer or any of its agents (such as the Servicer), delegates or attorneys or (ii) the reasonable reliance by the Portfolio Manager on information provided by the Issuer or third parties, including the Servicer, which the Portfolio Manager may reasonably rely on when providing the portfolio management services or (iii) a written instruction given by the Issuer provided that the Portfolio Manager shall only indemnify the Issuer if the loss or liability suffered by Issuer is in any year (starting from (and including) the date of the Portfolio Management Agreement) more than EUR 30,000, in which case, the Portfolio Manager shall be liable to indemnify the Issuer for all amounts of loss or liability the Issuer suffers, in excess of EUR 30,000.

The total liability of the Portfolio Manager towards the Issuer shall be limited to a total amount of EUR 2,500,000 per calendar year, except that no such limitation shall apply in case of wilful misconduct (*opzet*), gross negligence (*grove nalatigheid*), fraud (*bedrog*) or bad faith (*kwade trouw*) of the Portfolio Manager.

### 3.8 Swap Counterparty

The Issuer has appointed BNP Paribas to act as its Swap Counterparty in accordance with the terms of the Swap Agreement. BNP Paribas, one of Europe's leading providers of banking and financial services, has four domestic markets in retail banking in Europe: Belgium, France, Italy and Luxembourg.

It is present in 75 countries and has more than 189,000 employees, including close to 147,000 in Europe. BNP Paribas holds key positions in its two main businesses:

Retail Banking and Services, which includes:

**(I) Domestic Markets comprising:**

- (A) French Retail Banking (FRB),
- (B) BNL banca commerciale (BNL bc), Italian retail banking,
- (C) Belgian Retail Banking (BRB),
- (D) Other Domestic Markets activities, including Luxembourg Retail Banking (LRB);

**(II) International Financial Services, comprising:**

- (A) Europe-Mediterranean,
- (B) BancWest,
- (C) Personal Finance,
- (D) Insurance,
- (E) Wealth and Asset Management;

**(III) Corporate and Institutional Banking (CIB):**

- (A) Corporate Banking,
- (B) Global Markets,
- (C) Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

At 31 December 2015, the Group had consolidated assets of €1,994.2 billion (compared to €2,077.8 billion\* at 31 December 2014), consolidated loans and receivables due from customers of €682.5 billion (compared to €657.4 billion\* at 31 December 2014), consolidated items due to customers of €700.3 billion (compared to €641.5 billion\* at 31 December 2014) and shareholders' equity (Group share) of €96.3 billion (compared to €89.5 billion\* at 31 December 2014).

Pre-tax income for the year ended 31 December 2015 was €10.4 billion (compared to €3.2 billion\* for the year ended 31 December 2014). Net income, attributable to equity holders, for the year ended 31 December 2015 was €6.7 billion (compared to €157 million\* for the year ended 31 December 2014).

\*Restated according to the IFRIC 21 interpretation.

The Group currently has long-term senior debt ratings of “A” with stable outlook from Standard & Poors, “A1” with stable outlook from Moody’s, “A+” with stable outlook from Fitch and “AA (low)” with stable outlook from DBRS.

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to <http://invest.bnpparibas.com>.

### **3.9 Swap Collateral Custodian**

The Issuer has appointed The Bank of New York Mellon, acting through its London branch to act as its Swap Collateral Custodian in accordance with the terms of the Swap Collateral Custodian Agreement.

#### **THE BANK OF NEW YORK MELLON (formerly The Bank of New York)**

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at 225 Liberty Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$26 trillion in assets under custody and administration and more than \$1.4 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

### **3.10 Back-up Servicer Facilitator**

The Issuer has, in accordance with the terms of the Servicing Agreement, appointed BNP Paribas Securities Services, Luxembourg Branch as the Back-up Servicer Facilitator, to assist the Issuer and the Security Trustee in appointing a substitute servicer in the event the Servicing Agreement is terminated in respect of the Servicer.



### **3.11 Other Parties**

<b>Issuer Account Bank:</b>	N.V. Bank Nederlandse Gemeenten
<b>Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Reference Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Listing Agent:</b>	ABN AMRO Bank N.V.
<b>Arranger:</b>	Goldman Sachs International
<b>Lead Manager:</b>	Goldman Sachs International
<b>Retention Holder:</b>	Goldman Sachs Lending Partners LLC

## 4. THE NOTES

### 4.1 Terms and Conditions

*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 Section 4.2 (Form) below.*

The issue of the EUR 250,200,000 Class A mortgage-backed notes 2016 due January 2049 (the **Class A Notes**), the EUR 6,900,000 Class B mortgage-backed notes 2016 due January 2049 (the **Class B Notes**), the EUR 6,700,000 Class C mortgage-backed notes 2016 due January 2049 (the **Class C Notes**), the EUR 3,700,000 Class D mortgage-backed notes 2016 due January 2049 (the **Class D Notes**), the EUR 4,400,000 Class E mortgage-backed notes 2016 due January 2049 (the **Class E Notes**), the EUR 3,600,000 Class F mortgage-backed notes 2016 due January 2049 (the **Class F Notes** and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Floating Rate Notes**) and the EUR 20,000,000 Class RS notes 2016 due January 2049 (the **Class RS Notes** and together with the Floating Rate Notes, the **Notes**) was authorised by a resolution of the managing director of the Issuer passed on 21 October 2016. The Notes are issued under the Trust Deed on the Closing Date.

Unless otherwise defined herein, words and expressions used below are defined in a master definitions agreement dated the Signing Date between the Issuer, the Security Trustee, the Seller and certain other parties as amended from time to time (the **Master Definitions Agreement**). Such words and expression 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 the terms and definitions used therein, the terms and definitions of these Conditions shall prevail.

The statements in these 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 Coupons, and the Temporary Global Notes and the Permanent Global Notes, (ii) the Paying Agency Agreement, (iii) the Servicing Agreement, (iv) the Parallel Debt Agreement and (v) the Pledge Agreements.

Copies of the Trust Deed, Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents (see Section 8 (*General*) below) are available for inspection, free of charge, by Noteholders and prospective Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and in electronic form upon email request at [securitisation@intertrustgroup.com](mailto:securitisation@intertrustgroup.com). 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 (in particular the Priorities of Payment set out therein), the Paying Agency Agreement, the Parallel Debt Agreement (in particular the limited recourse and non-petition provisions set out therein), the Pledge Agreements and the Master Definitions Agreement.

#### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered and with Coupons attached on issue in denominations of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Under Dutch law, the valid transfer of Notes or Coupons requires, among other things, 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), including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg, as the case may be, so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000 in each case increased with any amount in excess thereof in integral multiples of EUR 1,000 up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000. All Notes will be serially numbered and will be issued in bearer form and with (at the date of issue) Coupons and, if necessary, talons attached.

## **2. Status, Priority and Security**

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and *pro rata* without any preference or priority among Notes of the same Class.
- (b) The Most Senior Class of Notes is:
  - (i) the Class A Notes whilst they remain outstanding;
  - (ii) thereafter the Class B Notes whilst they remain outstanding;
  - (iii) thereafter the Class C Notes whilst they remain outstanding;
  - (iv) thereafter the Class D Notes whilst they remain outstanding;
  - (v) thereafter the Class E Notes whilst they remain outstanding;
  - (vi) thereafter the Class F Notes whilst they remain outstanding;
  - (vii) thereafter the Class RS Notes whilst they remain outstanding.
- (c) The Security for the obligations of the Issuer towards, amongst others, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, among other things, the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer Rights; and
  - (iii) an English law first ranking fixed charge over the Swap Collateral Accounts.
- (d) The obligations under the Notes are secured (indirectly) by the Security. The obligations under the Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class RS 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 Noteholders of a Class and not to consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Higher Ranking Class or Classes of Notes. In addition, the Security Trustee shall have regard to the interest

of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the ranking set out in the Post-Enforcement and Call Option Exercise Priority of Payments determines which interest of which Secured Creditor (which includes the Swap Counterparty) 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 Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus and as contemplated in the Transaction 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 Transaction 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 Transaction 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 Transaction 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 Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts and the Swap Collateral Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii);
- (h) take any action which will cause its 'centre of main interest' within the meaning of the insolvency regulation to be located outside the Netherlands;
- (i) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (j) pay any dividend or make any other distribution to its shareholder(s), other than in accordance with the applicable Priority of Payments or issue any further shares; or
- (k) engage in any activity whatsoever which is not incidental to or necessary in connection with, any of the activities which the relevant Transaction Documents provide or envisage that the Issuer will engage in.

#### 4. Interest

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

The Floating Rate Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. The Class RS Notes will be entitled to an amount equal to the Class RS Notes Interest Amount. Each such 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 Floating Rate Note for any period (including any Interest Period), such interest shall be calculated on the basis of the actual days elapsed in such period divided by a 360 day year, provided that the number of days in each Interest Period shall be calculated as if the Notes Payment Dates were not subject to adjustment.

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

Interest on the Floating Rate Notes is payable by reference to the successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in January 2017.

Interest on any Floating Rate Note shall be payable quarterly in arrear in EUR in respect of the Principal Amount Outstanding of such Floating Rate Note on each Notes Payment Date.

##### (c) *Interest on the Floating Rate Notes up to and including the First Optional Redemption Date*

Up to and including the First Optional Redemption Date, interest on the Floating Rate 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 three month deposits in EUR (determined in accordance with paragraph (f) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three month deposits in EUR and Euribor for six month deposits in EUR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards), plus an Initial Margin of:

- (i) for the Class A Notes, 0.390 per cent. per annum;
- (ii) for the Class B Notes, 1.850 per cent. per annum;
- (iii) for the Class C Notes, 2.600 per cent. per annum;
- (iv) for the Class D Notes, 3.500 per cent. per annum;
- (v) for the Class E Notes, 4.500 per cent. per annum; and
- (vi) for the Class F Notes, 5.000 per cent. per annum.

The Interest Rates on the Floating Rate Notes shall at any time be at least zero per cent.

(d) *Interest on the Floating Rate Notes following the First Optional Redemption Date*

If on the First Optional Redemption Date the Floating Rate Notes have not been redeemed in full, the rate of interest applicable to the Floating Rate Notes will, as of (but excluding) the First Optional Redemption Date, accrue at an annual rate equal to the sum of Euribor for three month deposits, plus an Extension Margin of:

- (i) for the Class A Notes, 0.780 per cent. per annum;
- (ii) for the Class B Notes, 2.315 per cent. per annum;
- (iii) for the Class C Notes, 3.250 per cent. per annum;
- (iv) for the Class D Notes, 4.375 per cent. per annum;
- (v) for the Class E Notes, 5.625 per cent. per annum; and
- (vi) for the Class F Notes, 5.000 per cent. per annum.

The Interest Rates on the Floating Rate Notes shall at any time be at least zero per cent.

With respect to each Interest Period after the First Optional Redemption Date, the payment of an amount equal to the positive difference, if any, between (a) (i) the Extension Margin plus (ii) Euribor for three months deposits, with (i) plus (ii) floored at zero, multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes at close of business on the first day of an Interest Period and (b) (i) the relevant Initial Margin plus (ii) Euribor for three months deposits, with (i) plus (ii) floored at zero, multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes at close of business on the first day of an Interest Period, in each case multiplied by the actual days elapsed in such period divided by a 360 day year, provided that the number of days in each Interest Period shall be calculated as if the Notes Payment Dates were not subject to adjustment (the **Subordinated Extension Payment Amount**), is subordinated to certain other payment obligations of the Issuer as set forth in the Trust Deed.

(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 three 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 (Central European 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 three month euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Central European Time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - (B) 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 (Central European Time) on the relevant Interest Determination Date for three 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 three 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 Floating Rate Notes during such Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of the Interest Rates and Calculation of Floating Interest Amounts in respect of the Floating Rate Notes*

The Reference Agent will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, determine the rates of interest referred to in paragraphs (c) and (d) above for the Floating Rate Notes and calculate the amount of interest payable on each such Floating Rate Note for the following Interest Period (the **Floating Interest Amount**) by applying the relevant Interest Rates to the Principal Amount Outstanding of the Floating Rate Notes on the first day of the relevant Interest Period. The determination of the relevant Interest Rates and each Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Interest Rates, Floating Interest Amounts and Notes Payment Dates in respect of the Floating Rate Notes*

The Reference Agent will cause the relevant Interest Rates, the relevant Floating Interest Amount and the Notes Payment Date applicable to the Floating Rate Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Floating Rate Notes and (for so long as the Floating Rate Notes are admitted to the official list and trading on the regulated market of Euronext Amsterdam) Euronext Amsterdam. The Interest Rates, Floating Interest Amount and Notes 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) *Calculation of Floating Rate Amounts by Security Trustee in respect of the Floating Rate Notes*

If the Reference Agent at any time for any reason does not determine the relevant Interest Rates in accordance with Condition 4(e) above or fails to calculate the relevant Floating Interest Amounts in accordance with Condition 4(e) above, the Security Trustee shall, or a party so appointed by the Security Trustee shall on behalf of the Security Trustee, determine the Interest Rate, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the relevant Floating Interest Amounts in accordance with Condition 4(e) above, and each such determination or calculation shall be final and binding on all parties.

(i) *Reference Agent*

The Issuer will procure that, as long as any of the Floating Rate Notes remains outstanding, there will at all times be a reference agent. The Issuer has, subject to the 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 is unable or unwilling to continue to act as the reference agent or if the appointment of the Reference Agent is 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.

(j) *Class RS Notes Interest Amount*

Interest on the Class RS Notes will be equal to the Class RS Notes Interest Amount. The Class RS Notes Interest Amount means prior to the delivery of an Enforcement Notice an amount equal to the Available Revenue Funds remaining after all items ranking above item (ee) of the Revenue Priority of Payments have been paid in full. After delivery of an Enforcement Notice, the Class RS Notes will not be entitled to the Class RS Notes Interest Amount, however the Class RS Noteholders will be entitled to receive the Enforcement Available Amount remaining after all items ranking above item (y) of the Post-Enforcement and Call Option Exercise Priority of Payments have been paid in full. Each Class RS Note will be entitled to an amount equal to the Class RS Notes Interest Amount divided by the number of Class RS Notes outstanding (each a **Class RS Note Amount**).

## 5. **Payment**

- (a) Payment of principal and interest in respect of the Notes will be made upon presentation of the relevant 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 will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject and the Issuer will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.
- (b) At the Final Maturity Date, 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 Notes 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, unless such Local Business Day falls in the next calendar month, in which case the holder of the Note shall be entitled to payment on the immediately preceding Local Business Day, or to any interest or other payment in respect of any such delay, provided that in the case of payment by transfer to a 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 already, the Issuer will redeem the Notes at their respective Principal Amount Outstanding less the relevant Principal Shortfall (if any) on the Final Maturity Date, subject to Condition 9(a).

### (b) *Mandatory Redemption of the Notes*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes, on each Notes Payment Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to Condition 9(a), in the following sequential order:

- (i) *first*, the Class A Notes, 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;
- (v) *fifth*, the Class E Notes until fully redeemed;
- (vi) *sixth*, the Class F Notes until fully redeemed; and
- (vii) *seventh*, the Class RS Notes.

### (c) *Definitions*

For the purposes of these Conditions the following term shall have the following meaning:

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

(d) *Portfolio Call Option*

- (i) The Majority RS Noteholder will have the right to purchase and accept assignment from the Issuer of the Mortgage Receivables and all Beneficiary Rights relating thereto (or cause a nominee to do so) on any Optional Redemption Date against payment of the Redemption Purchase Price (as defined below) subject to and in accordance with this Condition 6(d) (the **Portfolio Call Option**) provided that the Portfolio Call Option may only be exercised on the condition that after the sale and assignment of the Mortgage Receivables and all Beneficiary Rights relating thereto to the Majority RS Noteholder, either (i) the Mortgage Receivables will continue to be serviced by the Servicer or (ii) the Mortgage Receivables will be serviced by another provider of mortgage loan services related to Dutch residential mortgages in the Netherlands acceptable to the Seller (the Seller acting reasonably and in good faith) or (iii) by way of contract transfer (*contractsovername*) all rights and obligations relating to the Mortgage Loans are transferred to a third party.
- (ii) The Majority RS Noteholder may by way of written notification to the Issuer with a copy to the Security Trustee and at least 60 (sixty) calendar days prior to any Optional Redemption Date, inform the Issuer that it will exercise the Portfolio Call Option (the **Portfolio Option Exercise Notice**). The Portfolio Option Exercise Notice will include (i) the envisaged Optional Redemption Date, (ii) the entity that will purchase and accept assignment from the Issuer of the Mortgage Receivables and all Beneficiary Rights relating thereto and (iii) whether by way of contract transfer (*contractsovername*) all rights and obligations relating to the Mortgage Loans are transferred to a third party. The Majority RS Noteholder may withdraw the Portfolio Option Exercise Notice no later than six (6) Business Days prior to the relevant Optional Redemption Date. The Issuer shall notify the exercise of the Portfolio Call Option and receipt of the Portfolio Option Exercise Notice to the Noteholders by giving not less than 54 (fifty-four) calendar days' notice prior to the relevant Optional Redemption Date.
- (iii) The Issuer shall only assign legal title to the Mortgage Receivables upon receipt of the Redemption Purchase Price and further provided that the Issuer has obtained tax advice satisfactory to it that the sale of the Mortgage Receivables shall not cause any adverse tax issues for it, redeem all, but not some of, the Floating Rate Notes, in whole but not in part, at their Principal Amount Outstanding, but together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension Payment Amount and any Principal Deficiencies) on such Floating Rate Notes.
- (iv) The purchase price payable by the Majority RS Noteholder on or before the relevant Optional Redemption Date (the **Redemption Purchase Price**) will be equal to the amount required to enable the Issuer, taking into account the amounts standing to the credit of the Issuer Transaction Accounts (excluding the Reserve Account), and any other funds available to the Issuer, to (I) redeem all of the Floating Rate Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension

Payment Amount and any Principal Deficiencies) on such Floating Rate Notes, (II) pay any amounts required under item (a) up to and including (c) (which shall include any costs and expenses of the Issuer in relation to the exercise by the Majority RS Noteholder of the Portfolio Call Option) of the Post-Enforcement and Call Option Exercise Priority of Payments on such Optional Redemption Date, (III) pay any fees, costs and expenses due and payable in relation to the liquidation of the Issuer and (IV) make any Net Swap Payment (which includes any termination payments payable under the Swap Agreement) on such Optional Redemption Date.

- (v) The Majority RS Noteholder will be required to issue an irrevocable payment instruction in respect of the full amount of the Redemption Purchase Price for value on the relevant Optional Redemption Date to be paid into the Issuer Collection Account no later than two (2) Business Days before the relevant Optional Redemption Date or take such other action agreed with the Issuer and the Security Trustee. The full amount of the Redemption Purchase Price will be applied in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments on the next succeeding Notes Payment Date. After the full amount of the Redemption Purchase Price has been applied in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments, the Issuer will be liquidated and any residual amounts remaining after the Issuer has been liquidated and taking the costs involved with such liquidation into account will be distributed to or at the direction of the Majority RS Noteholder.
- (vi) Immediately upon completion of any sale and assignment of the Mortgage Receivables and assignment of all Beneficiary Rights relating thereto or contract transfer in accordance with this Condition 6(d) (*Portfolio Call Option*), the Security Trustee shall release the Mortgage Receivables and all Beneficiary Rights relating thereto from the Security.
- (vii) Upon completion of the sale and assignment of the Mortgage Receivables in accordance with this Condition 6(d) (*Portfolio Call Option*) the Class RS Notes held by the Majority RS Noteholder are deemed to be cancelled in full and the Majority RS Noteholder is no longer entitled to any payments under such Class RS Notes.
- (viii) In connection with the exercise by the Majority RS Noteholder, the Issuer shall not provide any representations and warranties in relation to the sale and assignment of the Mortgage Receivables and any agreements the Issuer shall enter into shall contain limited recourse and non-petition language in respect of the Issuer.
- (ix) The Issuer and the Security Trustee will cooperate in good faith with the Majority RS Noteholder in connection with the exercise of the Portfolio Call Option by the Majority RS Noteholder and to provide such information as reasonably requested including in respect of the Mortgage Loans subject to signing of non-disclosure agreements and further subject to any regulatory and/or data protection restrictions.
- (x) All costs properly incurred and evidenced by the Issuer and the Security Trustee in connection with the exercise of the Portfolio Call Option by the Majority RS Noteholder will be borne by the Majority RS Noteholder exercising the Portfolio Call Option.

(e) *Remarketing Call Option*

(i) *Remarketing Redemption Instruction*

The Majority RS Noteholder will have the right to structure new notes and re-market such new notes against payment of the Restructuring Price (as defined below) to the Issuer subject to and in accordance with this Condition 6(e) (the **Remarketing Call Option**).

The Majority RS Noteholder may by way of written notification (the **Remarketing Call Notice**) to the Issuer with a copy to the Security Trustee and by no later than 60 (sixty) calendar days prior to any Optional Redemption Date, instruct the Issuer to redeem all, but not some of, the Notes on the relevant Optional Redemption Date (such instruction, a **Remarketing Redemption Instruction**). The Remarketing Call Notice will include (i) the proposed Optional Redemption Date and (ii) the key terms of the new notes to be issued by the Issuer.

The Issuer shall notify the exercise of the Remarketing Call Option and receipt of the Remarketing Redemption Instruction by giving not less than 54 (fifty-four) calendar days' notice to the Noteholders prior to the relevant Optional Redemption Date.

Upon receipt of the Restructuring Price set out in Condition 6(e)(ii) on or prior to the relevant Optional Redemption Date and subject to the Remarketing Call Option Conditions in the Issuer's sole discretion having been satisfied, the Issuer shall redeem all, but not some of, the Floating Rate Notes, in whole but not in part, at their Principal Amount Outstanding, but together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension Payment Amount and any Principal Deficiencies) on such Floating Rate Notes from amounts received from the Majority RS Noteholder as Restructuring Price.

By submitting a Remarketing Call Notice, the Majority RS Noteholder shall have the right to start marketing the new notes.

(ii) *Redemption in relation to Remarketing Call Option*

By purchasing a Class RS Note, each Class RS Noteholder is deemed to acknowledge and agree that, upon exercise of the Remarketing Call Option, the required amount payable by the Majority RS Noteholder on or before the relevant Optional Redemption Date (the **Restructuring Price**) will be at least equal to the amount required to enable the Issuer, taking into account the amounts standing to the credit of the Issuer Transaction Accounts and any other funds available to the Issuer, to (I) redeem all of the Floating Rate Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension Payment Amount and any Principal Deficiencies) on such Floating Rate Notes, (II) pay any amounts required under item (a) up to and including (e) (which shall include any costs and expenses of the Issuer in relation to the exercise by the Majority RS Noteholder of the Remarketing Call Option) of the Post-Enforcement and Call Option Exercise Priority of Payments on such Optional Redemption Date and (III) any Net Swap Payment (which, for the avoidance of doubt, will not include any termination payments payable under the Swap Agreement, as the Swap Agreement will remain in place) on such Optional Redemption Date.

Each Floating Rate Noteholder, by purchasing a Floating Rate Note, irrevocably authorises the Paying Agent to perform such acts on its behalf which the Paying Agent deems

appropriate in order to redeem any and all Notes held by it at such Optional Redemption Date upon the exercise of the Remarketing Call Option.

Furthermore, the exercise of the Remarketing Call Option by the Majority RS Noteholder is subject to the following conditions (**Remarketing Call Option Conditions**):

- (A) each agreement entered into by the Issuer in respect of the Remarketing Call Option and issue and sale of new notes contains limited recourse and non-petition provisions substantially the same as those contained in the Transaction Documents; and
- (B) all costs incurred in connection with the exercise of the Remarketing Call Option by the Majority RS Noteholder will be borne by the Majority RS Noteholder.

The Majority RS Noteholder will be required to inform the Issuer and the Security Trustee about the Restructuring Price (properly evidenced) no later than five (5) Business Days prior to the Optional Redemption Date and the Issuer and Security Trustee will have to acknowledge and agree such amount.

The Majority RS Noteholder will be required to pay the full amount of the Restructuring Price into the Issuer Collection Account by no later than the relevant Optional Redemption Date or take such other action agreed with the Issuer and the Security Trustee and the Issuer will subsequently (i) apply the Available Revenue Funds and Available Principal Funds in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments and (ii) apply the Restructuring Price (in the form of the proceeds of the issuance of the new notes or any intraday liquidity (if any) provided by a lead manager) to redeem the Floating Rate Notes. Any amount in excess of the amount necessary to redeem the Floating Rate Notes and make payments in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments will be applied by the Paying Agent to redeem the new notes outside the applicable priority of payments for the new notes.

(iii) *Consequential Amendments*

The Majority RS Noteholder has the right to restructure the Notes with the consent of the Issuer and the Security Trustee and subject to the requirement for the Swap Counterparty's prior written consent in accordance with Condition 14(e), however without any need for the prior consent of the Noteholders provided that such restructuring will only become effective at the time of receipt by the Issuer of the Restructuring Price. Upon completion of the restructuring, the Issuer will issue and sell the new notes to such person(s) as instructed by the Majority RS Noteholder or any placement agent or other party appointed by the Majority RS Noteholder.

For the avoidance of doubt, none of the Transaction Documents and/or appointments of parties to the Transaction Documents shall automatically terminate as a result of a restructuring of the Notes and issue of new notes. The restructuring of the Notes pursuant to the Remarketing Call Option will not constitute a default under any Transaction Document.

Each of the Seller, the Swap Counterparty, the Issuer and the Security Trustee have in the Swap Agreement and in the Mortgage Receivables Purchase Agreement, respectively, undertaken to cooperate in good faith with the restructuring and marketing efforts of the Majority RS Noteholder with respect to the new notes and to provide such information as

reasonably requested including in respect of the Mortgage Loans, the Seller and the Swap Agreement, subject to signing of non-disclosure agreements and further subject to any regulatory and/or data protection restrictions.

(f) *Redemption for tax reasons*

All (but not some only) of the Notes may be redeemed at the option of the Issuer on any Notes Payment Date with the proceeds of the sale and assignment by the Mortgage Receivables and all Beneficiary Rights relating thereto if the Issuer has satisfied the Security Trustee that:

- (i) 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 (including any guidelines issued by the tax authorities) 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
- (ii) the proceeds of the sale and assignment of the Mortgage Receivables and Beneficiary Rights shall be at least equal to the Tax Call Option Minimum Required Purchase Price.

The purchase price shall form part of the Available Principal Funds. If the Tax Call Option is exercised by the Issuer, the Notes will be redeemed in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments on the Notes Payment Date immediately following the exercise. Any remaining outstanding amounts on the Notes after application of the Available Principal Funds and Available Revenue Funds shall subsequently be cancelled.

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

(g) *Redemption Amount*

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

(h) *Determination of the Available Principal Funds, the Available Revenue Funds, the Redemption Amount, Principal Amount Outstanding and the Class RS Notes Interest Amount*

- (i) On each Notes Calculation Date (to the extent Notes are redeemable on the immediately succeeding Notes Payment Date), the Issuer shall cause the Issuer Administrator to determine (i) the Available Principal Funds, (ii) the Available

Revenue Funds, (iii) the Redemption Amount due for the relevant Class of Notes, on the relevant Notes Payment Date (iv) the Principal Amount Outstanding of the relevant Notes following such Notes Payment Date and (v) the Class RS Notes Interest Amount. 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 shall on each Notes Calculation Date cause the items in (i) above to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent (for so long as the Notes are listed), the relevant Stock Exchange and to the Noteholders. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date, a notice to this effect will be given to the Noteholders.
- (iii) If the Issuer, or the Issuer Administrator on its behalf, does not at any time or 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 this Condition (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.

## **7. Taxation**

### **(a) General**

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 or any other jurisdiction, 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.

### **(b) FATCA Withholding**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding.

## **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 and limited recourse**

### **(a) Principal**

Any payments to be made in accordance with Condition 6(a) (*Final redemption*) and Condition 6(b) (*Mandatory Redemption of the Notes*), are subject to this Condition 9(a).

The Class A Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class A Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables or Beneficiary Rights relating thereto and there are no balances standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

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 Notes Calculation 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 the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Notes 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 or Beneficiary Rights relating thereto and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes and all 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 Notes Calculation 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 the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Notes 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 or Beneficiary Rights relating thereto and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, all Class B Notes and all Class C Notes, is reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Notes Calculation 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 the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Notes 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 or Beneficiary Rights relating thereto and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, all Class B Notes, all Class C Notes and all Class D Notes, is reduced to zero, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Notes Calculation



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 the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Notes 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 or Beneficiary Rights relating thereto and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, all Class B Notes, all Class C Notes, all Class D Notes and all Class E Notes, is reduced to zero, the Class F Noteholders will not be entitled to any repayment of principal in respect of the Class F Notes. If, on any Notes Calculation Date, there is a balance on the Class F Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class F Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class F Principal Shortfall on such Notes Payment Date. 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 or Beneficiary Rights relating thereto and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, all Class B Notes, all Class C Notes, all Class D Notes, all Class E Notes and all Class F Notes, is reduced to zero, the Class RS Noteholders will not be entitled to any repayment of principal in respect of the Class RS Notes. The Class RS Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class RS 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 Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

(b) *Interest*

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

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Subordinated Extension Payment Amount, due on the Class A Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class A Notes. In the event of a shortfall of the relevant Subordinated Extension Payment Amount, the Issuer shall debit the Class A Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Subordinated Extension Payment Amount paid on the Class A Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Subordinated Extension Payment Amount payable on the Class A Notes on that date pursuant to Condition 4. Such shortfall of the Subordinated Extension Payment Amount for the Class A Notes 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. The rate of accrual in respect of the shortfall of such Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class A Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class A Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment

Amount 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 A Note under item (v) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date (other than on an Optional Redemption Date in connection with the exercise of a Portfolio Call Option or a Remarketing Call Option) the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, due on the Class B Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Senior Interest or, as applicable, the Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class B Notes. In the event of a shortfall of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, the Issuer shall debit the Class B Senior Interest Deficiency Ledger or, as applicable, the Class B Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Senior Interest or, as applicable such Subordinated Extension Payment Amount paid on the Class B Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Senior Interest or, as applicable such Subordinated Extension Payment Amount payable on the Class B Notes on that date pursuant to Condition 4. Such shortfall of the Senior Interest or, as applicable, Subordinated Extension Payment Amount for the Class B Notes 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. The rate of accrual in respect of the shortfall of the Senior Interest shall be the rate of the Initial Margin applicable to the Class B Notes for such period plus Euribor for three months, with a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Senior Interest 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 under item (j) of the Revenue Priority of Payments on the next succeeding Notes Payment Date. The rate of accrual in respect of the shortfall of the Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class B Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class B Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment Amount 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 under item (w) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date (other than on an Optional Redemption Date in connection with the exercise of a Portfolio Call Option or a Remarketing Call Option) the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, due on the Class C Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Senior Interest or, as applicable, the Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class C Notes. In the event of a shortfall of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, the Issuer shall debit the Class C Senior Interest Deficiency Ledger or, as applicable, the Class C Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Senior Interest or, as applicable such Subordinated Extension Payment Amount paid on the Class C Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Senior Interest or, as applicable such Subordinated Extension Payment Amount payable on the Class C Notes on that date pursuant to Condition 4. Such shortfall of the Senior Interest or, as applicable, Subordinated Extension Payment Amount for the Class C Notes 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. The rate of accrual in respect of the shortfall of the Senior Interest shall be the rate of the Initial Margin applicable to the Class C

Notes for such period plus Euribor for three months, with a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Senior Interest 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 under item (m) of the Revenue Priority of Payments on the next succeeding Notes Payment Date. The rate of accrual in respect of the shortfall of the Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class C Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class C Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment Amount 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 under item (x) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date (other than on an Optional Redemption Date in connection with the exercise of a Portfolio Call Option or a Remarketing Call Option) the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, due on the Class D Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Senior Interest or, as applicable, the Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class D Notes. In the event of a shortfall of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, the Issuer shall debit the Class D Senior Interest Deficiency Ledger or, as applicable, the Class D Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Senior Interest or, as applicable such Subordinated Extension Payment Amount paid on the Class D Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Senior Interest or, as applicable such Subordinated Extension Payment Amount payable on the Class D Notes on that date pursuant to Condition 4. Such shortfall of the Senior Interest or, as applicable, Subordinated Extension Payment Amount for the Class D Notes 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. The rate of accrual in respect of the shortfall of the Senior Interest shall be the rate of the Initial Margin applicable to the Class D Notes for such period plus Euribor for three months, with a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Senior Interest 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 D Note under item (p) of the Revenue Priority of Payments on the next succeeding Notes Payment Date. The rate of accrual in respect of the shortfall of the Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class D Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class D Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment Amount 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 D Note under item (y) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date (other than on an Optional Redemption Date in connection with the exercise of a Portfolio Call Option or a Remarketing Call Option) the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, due on the Class E Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Senior Interest or, as

applicable, the Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class E Notes. In the event of a shortfall of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, the Issuer shall debit the Class E Senior Interest Deficiency Ledger or, as applicable, the Class E Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Senior Interest or, as applicable such Subordinated Extension Payment Amount paid on the Class E Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Senior Interest or, as applicable such Subordinated Extension Payment Amount payable on the Class E Notes on that date pursuant to Condition 4. Such shortfall of the Senior Interest or, as applicable, Subordinated Extension Payment Amount for the Class E Notes 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. The rate of accrual in respect of the shortfall of the Senior Interest shall be the rate of the Initial Margin applicable to the Class E Notes for such period plus Euribor for three months with a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Senior Interest 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 E Note under item (s) of the Revenue Priority of Payments on the next succeeding Notes Payment Date. The rate of accrual in respect of the shortfall of the Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class E Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class E Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment Amount 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 E Note under item (z) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date (other than on an Optional Redemption Date in connection with the exercise of a Portfolio Call Option or a Remarketing Call Option) the Issuer has insufficient funds available to it to satisfy its obligations in respect of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, due on the Class F Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to such Senior Interest or, as applicable, the Subordinated Extension Payment Amount, on such Notes Payment Date to the holders of the Class F Notes. In the event of a shortfall of the Senior Interest or, as applicable, the Subordinated Extension Payment Amount, the Issuer shall debit the Class F Senior Interest Deficiency Ledger or, as applicable, the Class F Subordinated Interest Deficiency Ledger by an amount equal to the amount by which the aggregate amount of such Senior Interest or, as applicable such Subordinated Extension Payment Amount paid on the Class F Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate Senior Interest or, as applicable such Subordinated Extension Payment Amount payable on the Class F Notes on that date pursuant to Condition 4. Such shortfall of the Senior Interest or, as applicable, Subordinated Extension Payment Amount for the Class F Notes 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. The rate of accrual in respect of the shortfall of the Senior Interest shall be the rate of the Initial Margin applicable to the Class F Notes for such period plus Euribor for three months with a minimum of zero per cent., for such period and a *pro rata* share of such shortfall of such Senior Interest 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 F Note under item (u) of the Revenue Priority of Payments on the next succeeding Notes Payment Date. The rate of accrual in respect of the shortfall of the Subordinated Extension Payment Amount shall be the rate equal to the difference between (a) (i) the Extension Margin relating to the Class F Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., and (b) (i) the Initial Margin relating to the Class

F Notes plus (ii) Euribor for three months deposits, with (i) plus (ii) being a minimum of zero per cent., for three months for such period and a *pro rata* share of such shortfall of such Subordinated Extension Payment Amount 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 F Note under item (aa) of the Revenue Priority of Payments on the next succeeding Notes Payment Date.

(c) *Limited Recourse*

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 and any other amounts received by the Security Trustee, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes, as applicable, are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Class of Notes, as applicable, the Noteholders of the relevant Class of Notes, as applicable, shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

**10. Events of Default**

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class (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 an Enforcement Notice to the Issuer, with simultaneous notice to the Noteholders and the Swap Counterparty, 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 14 calendar days or more in the payment of the principal or interest on the Notes, other than a Subordinated Extension Payment Amount 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 calendar 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 calendar days of its first being made; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer in respect of all or substantially all of its assets; or
- (e) the Issuer has taken any winding-up resolution, has been declared bankrupt (*failliet*), or has applied for general settlement or composition with creditors (*akkoord*), controlled management or suspension of payments (*surseance van betaling*) or reprieve from payment; or
- (f) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed or the Security.

In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Relevant Class, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Relevant Class.

#### **11. Enforcement, Limited Recourse and Non-Petition**

- (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 has been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it has been indemnified to its satisfaction.
- (b) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound to so proceed, fails to do so within a reasonable timeframe and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer, any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of no less than one year from the date on which the latest maturing Note is 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.
- (d) The Noteholders acknowledge that the only assets available to the Seller to satisfy any payment obligation of the Seller and any other costs (including, increased costs), fees and expenses and indemnities of the Seller, from time to time, shall be the amounts available for such purposes. If at any time the assets available to the Seller are insufficient to pay in full all amounts outstanding in respect of the respective payment to the Noteholder, then the relevant Noteholder shall have no further claim against the Seller in respect of such unpaid amount.
- (e) The Noteholders and the Security Trustee may not (and no person acting on its behalf shall) institute against or join any person in instituting against the Seller any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding-up, moratorium or liquidation proceedings, or other proceedings against the Seller, as the case may be, under Dutch law or the laws of any other applicable jurisdiction.

#### **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 Transaction Documents without accounting for any profit resulting from such transaction.

#### **13. Notices**

Notices to the Noteholders will be deemed to be validly given if published in at least one widely circulated newspaper in the Netherlands and on the DSA website, being at the time [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl), or, if such website shall cease to exist or timely publication thereon shall not be practicable, in such manner as the Security Trustee shall approve. Any such notice shall be deemed to have been given on the first date of such publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

So long as the Notes are admitted to the official list and trading on the regulated market of Euronext Amsterdam all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Amsterdam (which includes delivering a copy of such notice to Euronext Amsterdam) and any such notice shall be deemed to have been given on the first date of such publication.

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

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of a change of any of these Conditions or any provisions of the Transaction Documents.

A Written Resolution shall take effect as if it were an Extraordinary Resolution. “**Written Resolution**” means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to vote in accordance with the provisions for convening meetings of the Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

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

A meeting of Noteholders may be convened by the Security Trustee as often as it reasonably considers desirable and shall be convened by the Security Trustee at the written request (i) of the Issuer or (ii) by Noteholders of a Class or Classes holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes of such Class or Classes of Notes.

##### (b) *Quorum*

The quorum for an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, as the case may be, and for an Extraordinary Resolution approving a Basic Terms Change the quorum shall be at least seventy-five (75) per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes.

If at a meeting a quorum is not present, a second meeting will be held not less than fourteen (14) nor more than thirty (30) calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Terms Change, can be adopted regardless of the quorum represented at such meeting.

##### (c) *Extraordinary Resolution*

A Meeting shall have the power, exercisable only by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person:

- a. to approve any proposal for any modification of any provisions of any Transaction Document or the Notes or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- b. to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;

- c. to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- d. to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- e. to give any other authorisation or approval which under this Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- f. to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) *Limitations*

An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it has been approved by Extraordinary Resolutions of Noteholders of all other Classes or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class.

A resolution of Noteholders of a Class or by Noteholders of one or more Class or Classes shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class. **Higher Ranking Class** means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to each Class of Notes which has or has not been previously redeemed or written off in full in the Post-Enforcement and Call Option Exercise Priority of Payments.

**Basic Terms Change** means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest or principal in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement and Call Option Exercise Priority of Payments, (vi) in the definition of Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) or the provisions for meetings of Noteholders as set out in Schedule 1 of the Trust Deed.

(e) *Modifications, waiver, authorisations*

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



Rating Agency Confirmation with respect to each Credit Rating Agency is available in connection with such modification, authorisation or waiver. Any such modification, authorisation, or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter. In addition, the Security Trustee may agree, without the consent of the Noteholders, to any modification of any Transaction Document which is required or necessary in connection therewith.

- (ii) Furthermore, the Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders to any modification to any of the provisions of the Transaction Documents or to the Terms and Conditions of the Notes in connection with a restructuring of the Notes following the submission of a Remarketing Call Notice by the Majority RS Noteholder to the Issuer, provided that such modifications shall only take effect in respect of any new notes being issued by the Issuer as a result of the Remarketing Call Option in accordance with Condition (e) (*Remarketing Call Option*) after redemption of the Notes. Any such modification shall be binding on the holders of any new notes.
- (iii) The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) (the **EMIR Requirements**) or any other obligation which applies to it under the EMIR Requirements and/or any new regulatory requirements, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (A) exposing the Security Trustee to any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the relevant Transaction Documents and/or the Conditions and further provided that the Security Trustee has received written confirmation from the Swap Counterparty in respect of the Swap Agreement that it has consented to such amendment.
- (iv) The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents in order to enable the Issuer to comply with any obligation which applies to it under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, and in particular the third subparagraph of Article 8b(3) thereof and Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) (the **CRA3 Requirements**), including any requirements

imposed by any proposed STS Regulation or any other obligation which applies to it under the CRA3 Requirements, the STS Regulation and/or any new regulatory requirements, subject to receipt by the Security Trustee of a certificate of the Issuer certifying to the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under the CRA3 Requirements, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (i) exposing the Security Trustee to any additional liability or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the relevant Transaction Documents and/or the Conditions. Each other party to any relevant Transaction Document shall cooperate to the extent reasonably practicable with the Issuer in amending such Transaction Documents to enable the Issuer to comply with the CRA3 Requirements and/or the STS Regulation and/or new regulatory requirements.

- (v) The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Credit Rating Agencies which may be applicable from time to time, provided that in relation to any such amendment:
  - (i) the Issuer certifies in writing to the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of any modification to a Transaction Document proposed by any of the Collection Foundation Account Provider, the Issuer Account Bank the Swap Collateral Custodian or the Swap Counterparty in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (A) the party proposing the modification to a Transaction Document, certifies in writing to the Issuer and the Security Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Security Trustee that it has received the same from such party);
    - (B)
      - I. the party proposing the modification to a Transaction Document, if possible and if necessary with the cooperation of the Issuer, obtains from each of the Credit Rating Agencies written confirmation (or certifies in writing to the Issuer and the Security Trustee that it has been unable to obtain such confirmation) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Credit Rating Agency and would not result in any Credit Rating Agency

placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Security Trustee; or

- II. the Issuer certifies in writing to the Security Trustee that the Credit Rating Agencies have been informed of the proposed modification and none of the Credit Rating Agencies has indicated within 30 Business Days after being informed thereof that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Credit Rating Agency or (y) such Credit Rating Agency placing any Notes on rating watch negative (or equivalent); and
  - III. the party proposing the modification to a Transaction Document pays all costs and expenses (including legal fees) incurred by the Issuer and the Security Trustee or any other Transaction Party which is a party to such Transaction Document in connection with such modification.
- (vi) The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR or Section 15G of the Exchange Act, as added by section 941 of the Dodd-Frank Act, after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the party proposing the modification to a Transaction Document, supported by the Issuer (provided the Issuer believes such proposal is not prejudicial to its interest) if requested by the party proposing the modification, certifies to the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by the Issuer, Collection Foundation Account Provider, the Issuer Account Bank the Swap Collateral Custodian and/or the Swap Counterparty and/or the relevant Transaction Party, as the case may be, pursuant to Condition 14(e)(iii), 14(e)(iv), 14(e)(v)(i), 14(e)(v)(ii)(A) or 14(e)(v)(ii)(B)(I) above being a **Modification Certificate**), provided that:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Security Trustee;
- (ii) the Modification Certificate in relation to such modification shall be provided to the Security Trustee both at the time the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose ranking in any Priority of Payments is affected has been obtained;
- (iv) the Issuer certifies in writing to the Security Trustee (which certification may be in the Modification Certificate) that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance

with Condition 13 (Notices) and by publication on Bloomberg on the “Company News” screen relating to the Notes, and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Issuer or Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer or Paying Agent that such Noteholders do not consent to the modification;

- (v) the party proposing the modification to a Transaction Document pays all costs and expenses (including legal fees) incurred by the Issuer and the Security Trustee or any other Transaction Party which is a party to such Transaction Document in connection with such modification; and
- (vi) each of the Issuer and the Security Trustee is entitled to incur reasonable costs to obtain advice from external advisers in relation to such proposed amendment.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with this Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer’s satisfaction (having regard to prevailing market practices) of the relevant Noteholder’s holding of the Notes.

Notwithstanding anything to the contrary in this Condition 14(e), the Swap Counterparty’s prior written consent - which shall be requested in writing sent to the addresses set out in the (schedule to the) Swap Agreement - is required for waivers, modifications or amendments or consents to waivers, modifications or amendments, other than for any modification which is of a formal, minor or technical nature or is made to correct a manifest error, by the Security Trustee in respect of any of the Conditions, the Trust Deed, the Servicing Agreement, the Interest Rate Reset Agreement, the Portfolio Management Agreement, the Mortgage Receivables Purchase Agreement, the Master Definitions Agreement or the Issuer Account Agreement, including in connection with the exercise by the Majority RS Noteholder of the Remarketing Call Option, if:

- (i) it would cause (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty’s perspective) in the value of the Swap Transaction; or
- (ii) it would result in any of the Issuer’s obligations to the Swap Counterparty under the Swap Agreement being further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer’s obligations to any other Secured Creditor; or
- (iii) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as

compared to what the Swap Counterparty would have been required to pay or would have received had such amendment not been made; or

- (iv) it would cause the Extension Margin to no longer apply to the Floating Rate Notes or it would remove the Portfolio Call Option from the Transaction Documents; or
- (v) in connection with the exercise of any Remarketing Call Option:
  - (A) the new notes to be issued by the Issuer in connection with that Remarketing Call Option (excluding, any residual or subordinated note the rate of return of which is dependent on amounts being available to the Issuer at the most subordinated item in the priority of payments for the purpose of paying an interest amount on that note (each, a **Residual Note**)) would not have the benefit of step-up or additional margin (at least equal to the Extension Margin of the equivalent seniority of Floating Rate Note) beginning to accrue on those notes on a date occurring not later than the 20<sup>th</sup> anniversary of the Closing Date (the **New Notes Step-Up Date**) until the legal maturity of such notes;
  - (B) the holders of the new Residual Notes to be issued by the Issuer in connection with that Remarketing Call Option would not have the benefit of a portfolio call option on substantially the same terms as the Portfolio Call Option exercisable from and including a date occurring not later than the New Notes Step-Up Date until the legal maturity of the Residual Notes; or
  - (C) the holders of the new Residual Notes to be issued by the Issuer in connection with that Remarketing Call Option would have the benefit of a new remarketing call option similar to the Remarketing Call Option (or would otherwise have the benefit of a right to require the Issuer at a point in time in the future to redeem the existing notes issued by it and issue new notes on new terms) which would be exercisable on a date occurring after the 20th anniversary of the Closing Date; or
- (vi) it would change the Issuer's rights to sell, transfer or otherwise dispose of any Mortgage Receivables; or
- (vii) it would change the Issuer's rights to redeem the Notes; or
- (viii) it would change the terms of the Swap Counterparty's consent rights as set out in Clause 22.7 of the Trust Deed,

unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or failed to provide its refusal or failed to make the determinations required to be made by it, each within 15 Business Days of written request by the Security Trustee (in which case the Security Trustee may agree to any waivers, modifications or amendments without consent of the Swap Counterparty). For the avoidance of doubt, no Swap Counterparty's consent will be required for any waiver, modification or amendment in respect of any of the Conditions or any of the Transaction Documents referred to above, in connection with resizing the classes of new notes, re-striking the interest rates applicable to the new notes or removal of a Remarketing Call Option, each in relation to the exercise by the Majority RS Noteholder of the Remarketing Call Option.

Notwithstanding anything to the contrary in this Condition 14(e) or any Transaction Document:

- (i) when implementing any modification pursuant to this Condition 14(e) other than 14(e)(i) (save to the extent the Security Trustee considers that the proposed modification would constitute a Basic Terms Change or so required in accordance with this Condition 14(e)), the Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 14(e) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (ii) the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Security Trustee would have the effect of (i) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (i) so long as any of the Notes rated by the Credit Rating Agencies remains outstanding, each Credit Rating Agency;
- (ii) the Secured Creditors; and
- (iii) the Noteholders in accordance with Condition 13 (*Notices*).

## **15. Replacement 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 and Jurisdiction**

The Notes and Coupons are governed by, and will be construed in accordance with, Dutch law. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation, disputes relating to any non-contractual obligations arising out of or in relation to the Notes and Coupons, shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands.

## 4.2 Form

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A Notes in the principal amount of EUR 250,200,000, (ii) in the case of the Class B Notes in the principal amount of EUR 6,900,000, (iii) in the case of the Class C Notes in the principal amount of EUR 6,700,000, (iv) in the case of the Class D Notes in the principal amount of EUR 3,700,000, (v) in the case of the Class E Notes in the principal amount of EUR 4,400,000, (vi) in the case of the Class F Notes in the principal amount of EUR 3,600,000 and (vii) in the case of the Class RS Notes in the principal amount of EUR 20,000,000. Each Temporary Global Note representing the Class A Notes will be deposited with Euroclear as common safekeeper for Euroclear and Clearstream, Luxembourg on or about the Closing Date. The Temporary Global Notes representing the Notes, other than the Class A Notes, will be deposited with the Paying Agent as common safekeeper for Euroclear and 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-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. 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 a Common Safekeeper Euroclear and Clearstream, Luxembourg, as the case may be.

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper, but this does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class RS Notes are not intended to be held in a manner which allows Eurosystem eligibility. The Notes are held in book-entry form.

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 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 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 and/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 and/or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg, in the minimum authorised denomination of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000 in each case increased with any amount in excess thereof in integral multiples of EUR 1,000 up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000. All such Notes will be serially numbered and will be issued in bearer form and with (at the date of issue) Coupons and, if necessary, talons attached.

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 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 delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered shall be deemed to have been given to the holder of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city.

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, as the case may be, 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 and/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 A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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; and
- (vii) Class RS Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class RS Notes,



in each case within 30 calendar days of the occurrence of the relevant event.

### 4.3 Subscription and Sale

Pursuant to the Subscription Agreement, the Lead Manager has agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Lead Manager against certain liabilities and expenses in connection with the issue of the Notes.

Each of the Seller and the Issuer have in the Subscription Agreement represented and warranted for the benefit of the Lead Manager, among other things, that:

- (a) neither it nor any of its directors or, to the best of its knowledge (having made due and careful inquiry), any of its employees or affiliates:
  - (i) is a Restricted Party;
  - (ii) has been engaged in any transaction, activity or conduct that could reasonably be expected to result in it being designated as a Restricted Party; and/or
  - (iii) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigations involving it with respect to Sanctions;
- (b) it and, to the best of its knowledge, each director, acting on behalf of the Issuer, as the case may be, is and is taking no action which would result in any such person not being) in compliance with;
  - (i) all applicable OFAC rules and regulations;
  - (ii) all applicable provisions of the USA Patriot Act; and
  - (iii) all applicable Sanctions;
- (c) its corporate objects, as laid down in their respective articles of association, and that of any director, acting on behalf of it does not include any kind of activities or business of or with any person or entity or in any Sanction Country.

In addition thereto the Issuer has in the Subscription Agreement undertaken to the Lead Manager among other things that:

- (a) it will ensure that proceeds raised in connection with the issue of the Notes will not directly or indirectly be lent, contributed or otherwise made available to any person or entity (whether or not related to the Issuer) for the purpose of financing the activities of any person or for the benefit of any country currently subject to any Sanctions; and
- (b) it will use the net proceeds received by it from the issue of the Notes in the manner specified in this Prospectus.

The Retention Holder, in its capacity as the “originator” within the meaning of Article 405 of the CRR has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with the EU Risk Retention Requirements. As at the Closing Date, such material net economic interest will be held in accordance with item (a) of Article 405 of the CRR, Article 51(a) of the AIFMR and Article 254(2)(a) of the Solvency II

Regulation by holding no less than 5 per cent. of the nominal value of each of the Classes of Notes sold or transferred to investors.

The Retention Holder has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager that it will comply with the requirements set forth in (i) article 52 (a) up to and including (d) of the AIFMR, (ii) Articles 408 and 409 of the CRR and Articles 254 and 256 paragraph 3 sub (a) up to and including sub (c) and sub (e) of the Solvency II Regulation. In addition to the information set out herein and forming part of this Prospectus, the Retention Holder has undertaken to make materially relevant information available to investors with a view to such investor complying with Article 405 up to and including 409 of the CRR, Article 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation. The Retention Holder will retrieve such information from the Seller by making use of its information rights it has as Elan Lender.

### **Retail Investor Restriction**

The Lead Manager has represented and agreed in the Subscription Agreement that it has not made the Notes available, or sold the Notes, to a retail investor and that it will not make the Notes available, or sell the Notes, to a retail investor. For these purposes, a retail investor means (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU.

### **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**), the Lead Manager has represented and agreed, and each further lead manager appointed under the transaction will be required to represent and agree, 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 is the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Lead Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Lead 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.

### **United Kingdom**

The Lead Manager has represented and agreed that

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection

with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## France

The Lead Manager has represented and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not made and will not make any communication by any means about the offer to the public in France, and has not distributed, released or issued or caused to be distributed, released or issued and will not distribute, release or issue or cause to be distributed, released or issued to the public in France, or used in connection with any offer for subscription or sale of the Notes to the public in France, this Prospectus, or any other offering material relating to the Notes, and that such offers, sales, communications and distributions have been and shall be made in France only to (a) authorised providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*), in each case, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French Code monétaire et financier.

In addition, pursuant to article 211-3 of the *Règlement Général* of the French *Autorité des Marchés Financiers* (**AMF**), the Lead Manager must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF, (ii) persons or entities mentioned in sub-paragraph 2° of paragraph II of article L. 411-2 of the French Code monétaire et financier (i.e., qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*) mentioned above) may take part in the offer solely for their own account, as provided in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

## 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, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (“*investitori qualificati*”), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); 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 the Financial Services Act and the relevant implementing regulations (including Regulation No. 11971).

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be made:

- (a) only by banks, investment firms (“*imprese di investimento*”) or financial institutions enrolled in the register provided for under article 106 of Italian Legislative Decree no. 385 of 1 September 1993, as subsequently amended from time to time (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 Financial Services Act and the relevant implementing regulations;
- (b) only to qualified investors (“*investitori qualificati*”) as set out above; and
- (c) 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.

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

The Lead Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of its 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 Notes 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 Regulation S 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.

## 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. No action has been taken by the Issuer, the Arranger or the Lead Manager, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. 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 Lead Manager has 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.

## 4.4 Regulatory and Industry Compliance

### EU Risk Retention Requirements

The Retention Holder, in its capacity as the “originator” within the meaning of Article 405 of the CRR has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with the EU Risk Retention Requirements. As at the Closing Date, such material net economic interest will be held in accordance with item (a) of Article 405 of the CRR, Article 51(a) of the AIFMR and Article 254(2)(a) of the Solvency II Regulation by holding no less than 5 per cent. of the nominal value of each of the Classes of Notes sold or transferred to investors.

The Retention Holder has separately undertaken to the Issuer, the Security Trustee, the Seller, the Arranger and the Lead Manager that it will comply with the requirements set forth in (i) article 52 (a) up to and including (d) of the AIFMR, (ii) Articles 408 and 409 of the CRR and Articles 254 and 256 paragraph 3 sub (a) up to and including sub (c) and sub I of the Solvency II Regulation. In addition to the information set out herein and forming part of this Prospectus, the Retention Holder has undertaken to make materially relevant information available to investors with a view to such investor complying with Article 405 up to and including 409 of the CRR, Article 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation. The Retention Holder will retrieve such information from the Seller by making use of its information rights it has as Elan Lender.

The Issuer Administrator on behalf of the Issuer will prepare Notes and Cash Reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Retention Holder.

The Notes and Cash Reports can be obtained as further described in Section 8 (*General*) of this Prospectus. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 405 up to and including 409 of the CRR, Article 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation and none of the Issuer, the Elan Lender, the Seller, the Servicer, the Issuer Administrator nor the Lead Manager makes any representation or warranty that the information described above is sufficient in all circumstances for such purposes.

### U.S. Risk Retention Requirements

Pursuant to the U.S. Risk Retention Requirements, a “securitizer” of asset-backed securities is required, unless an exemption exists, to retain an eligible vertical interest or eligible horizontal residual interest, or any combination thereof, in a securities transaction. Under the U.S. Risk Retention Requirements, a “securitizer” includes a person who organizes and initiates a securitization transaction by selling or transferring assets, either directly or indirectly, including or through an affiliate or issuer. The Elan Lender, as a “securitizer” of this transaction, has elected to retain an eligible vertical interest in the securitisation transaction by acquiring not less than 5 per cent. of each Class of Notes (the **Required Credit Risk**), as more fully described below.

The Elan Lender or an entity that it directly or indirectly, majority controls, is majority controlled by or is under common majority control with (a **Majority-Owned Affiliate**) will be required to hold the Required Credit Risk until the later of (i) the fifth anniversary of the Closing Date and (ii) the date on which the aggregate unpaid principal balance of the Mortgage Loans has been reduced to 25 per cent. of the aggregate unpaid principal balance of such Mortgage Loans as of the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**).

Until the Sunset Date, the U.S. Risk Retention Requirements impose limitations on the ability of the Elan Lender or a Majority-Owned Affiliate to dispose of or hedge the Required Credit Risk. In general, prior to the Sunset Date, the Elan Lender and its Majority-Owned Affiliates may not transfer the Required Credit Risk to any person other than a Majority-Owned Affiliate. In addition, prior to the Sunset Date, the Elan Lender or a Majority-Owned Affiliate may not engage in any hedging transactions if payments on the hedge instrument are materially related to the Required Credit Risk and the hedge position would limit the financial exposure of the Elan Lender or its Majority-Owned Affiliate to the Required Credit Risk. The Elan Lender or a Majority-Owned Affiliate may not pledge its interest in any Required Credit Risk as collateral for any financing unless such financing is full recourse to the Elan Lender or its Majority-Owned Affiliates.

If the eligible vertical interest retained by the Elan Lender as of the Closing Date is materially different from the amount that the Elan Lender intends to acquire and retain, as described above, the Elan Lender will provide the Security Trustee with a statement to be provided to Noteholders, setting forth the actual eligible vertical interest retained by the Elan Lender as of the Closing Date.

### **Dutch Securitisation Standard**

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template Investor Report (save as otherwise indicated in the relevant Investor Report), each as published by the Dutch Securitisation Association on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes comply with the standard created for residential mortgage-backed securities by the DSA (the RMBS Standard). This has also been recognised by Prime Collateralised Securities (PCS) UK Limited as the Domestic Market Guideline for the Netherlands in respect of this asset class.

### **Volcker Rule**

The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a “covered fund” for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the **Investment Company Act**) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(c) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a “covered fund” under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.

#### **4.5 Use of Proceeds**

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 279,917,821 of which EUR 5,630,000 are the aggregate proceeds of the Class RS Notes.

The proceeds of the issue of the Notes, other than the Class RS Notes, will be applied by the Issuer on the Closing Date towards payment to the Seller of the Initial Purchase Price for the Mortgage Receivables purchased and assigned on the Closing Date under the Mortgage Receivables Purchase Agreement.

The Aggregate Construction Deposit Amount as at the Cut-Off Date of EUR 1,297,222 will be withheld by the Issuer from the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date and deposited by the Issuer in the Construction Deposit Account.

The proceeds of the Class RS Notes will be used sequentially (i) to credit the Reserve Account with an amount equal to the Initial Reserve Account Required Amount and (ii) to pay the remaining part of the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date being the positive difference between the Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date and the proceeds of the issuance of the Floating Rate Notes. The remainder will be used to pay the Supplementary Purchase Price for the Mortgage Receivables, which will be an amount equal to the proceeds of the issuance of the Class RS Notes minus (a) the Initial Reserve Account Required Amount and (b) any positive difference between the Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date and the proceeds of the issuance of the Floating Rate Notes.



## 4.6 Taxation in the Netherlands

### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or, in whole or in part, exempt from Netherlands corporate income tax;
- (iii) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- (iv) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and
- (v) individuals to whom Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

### Withholding Tax

All payments made by the Issuer under the Notes may 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.

## Corporate and Individual Income Tax

### Residents of the Netherlands

#### *Corporate entities*

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

#### *Individuals*

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*meer dan normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.

### Non-residents of the Netherlands

#### *Corporate entities*

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

### *Individuals*

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*meer dan normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52 per cent. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “Residents of the Netherlands”). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual’s Netherlands yield basis.

### **Gift and Inheritance Tax**

Netherlands gift 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 holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions;
- (ii) the transfer is construed as an inheritance or 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; or
- (iii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or the individual’s death.

For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For purposes of Netherlands gift, estate and inheritance taxes, (i) a gift by a trust, will be construed as a gift by the settlor, and (ii) upon the death of the settlor, as a rule, the settlor’s beneficiaries, will be deemed to have inherited directly from the settlor. Subsequently, the beneficiaries will be deemed the settlor of the trust for purposes of the Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

**Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

**Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

## 4.7 Security

### *Parallel Debt Agreement*

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the **Parallel Debt**, which is an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) to the Directors under the Management Agreements, (ii) to the Portfolio Manager under the Portfolio Management Agreement, (iii) to the Servicer under the Servicing Agreement, (iv) to the Issuer Administrator under the Administration Agreement, (v) to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (vi) to the Issuer Account Bank under the Issuer Account Agreement, (vii) to the Noteholders under the Notes, (viii) to the Swap Counterparty under the Swap Agreement, (ix) to the Swap Collateral Custodian under the Swap Collateral Custodian Agreement, (x) to the Seller under the Mortgage Receivables Purchase Agreement, (xi) to the Back-up Servicer Facilitator under the Servicing Agreement and (xii) to the Reporting Services Provider under the Reporting Services Agreement (the parties referred to in items (i) through (xii) together the **Secured Creditors**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors 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 among the Secured Creditors in accordance with the Post-Enforcement and Call Option Exercise Priority of Payments. The amounts due to the Secured Creditors will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on the Mortgage Receivables and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and Pledge and the Issuer Rights Pledge Agreement.

### *Pledge Agreements*

The Issuer will vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and in respect of any New Ported Mortgage Receivables and Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant New Ported Mortgage Receivables and Further Advance Receivables and the Beneficiary Rights relating thereto on the 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 Transaction Documents. The pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers, except upon the occurrence of certain notification events, 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, the pledge will be a "silent" right of pledge (*stil pandrecht*) within the meaning of article 3:239 of the Dutch Civil Code.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Issuer Rights Pledge Agreement over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Swap Agreement, (iii) the Portfolio Management Agreement, (iv) the Servicing Agreement, (v) the Issuer Account Agreement, (vi) the Paying Agency Agreement, (vii) the Administration Agreement, (viii) the Receivables Proceeds Distribution Agreement and (ix) the Swap Collateral Custodian Agreement and (b) in respect of the Issuer Accounts

(other than the Swap Collateral 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. In addition, the Issuer will create a first ranking fixed charge under English law over the Swap Collateral Accounts.

From the date of the occurrence of a Pledge Notification Event and the consequent notification to the Borrowers and withdrawal of the power to collect, the Security Trustee will collect (*innen*) all amounts due to the Issuer whether by the Borrowers or by any other parties to the Transaction 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 solely in respect of the amounts so paid.

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 Transaction Documents.

Pursuant to the Collection Foundation Account Pledge Agreement the Collection Foundation shall grant a first ranking right of pledge on the Collection Foundation's receivables (*vorderingen*) against the Collection Foundation Account Provider as such receivables are or will be reflected from time to time in the balances of the Collection Foundation Account, and any other receivables and rights of the Collection Foundation against the Collection Foundation Account Provider now or hereafter existing to the extent arising from or in connection with the Collection Foundation Account in favour of the Issuer, subject to the agreement that future funders of the Seller and future Elan Issuers will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such right of pledge will be notified to the Collection Foundation Account Provider where the Collection Foundation Account is maintained.

#### *Secured Creditors*

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class RS Noteholders. Any amounts owing to the Noteholders of a Class of Notes will rank in accordance with the relevant Priority of Payments (see Section 5 (*Credit Structure*) below).

## 5. CREDIT STRUCTURE

*The structure of the credit arrangements for the proposed issue of the Notes is summarised below.*

### 5.1 Available Funds

#### Available Revenue Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received, or in case of item (v) to be received, or held by the Issuer in respect of the immediately preceding Notes Calculation Period or in case of item (v) on or before the immediately succeeding Notes Payment Date (the **Available Revenue Funds**):

- (i) interest, including interest penalties, on the Mortgage Receivables. For the avoidance of doubt, the collections for the first Mortgage Calculation Period shall include interest accrued from the Cut-Off Date (including) to the Closing Date (including);
- (ii) interest accrued and received on the Issuer Accounts;
- (iii) Prepayment Penalties;
- (iv) Net Foreclosure Proceeds, to the extent such proceeds do not relate to principal;
- (v) any amounts to be received by the Issuer under the Swap Agreement excluding, for the avoidance of doubt, (a) any Swap Termination Payment received by the Issuer under the Swap Agreement to the extent it is to be applied in acquiring a replacement swap transaction, (b) any Excess Swap Collateral or Swap Collateral (for the avoidance of doubt, unless such collateral is available for inclusion in the Available Revenue Funds in accordance with the Trust Deed in connection with the termination of the Swap Agreement), except to the extent that the value of Swap Collateral has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the Swap Transaction and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap transaction, (c) any Replacement Swap Premium, but only to the extent applied directly to any Swap Termination Payment due and payable by the Issuer to the Swap Counterparty in accordance with the Trust Deed and (d) amounts in respect of Swap Tax Credits;
- (vi) notwithstanding item (v) above, (a) any Swap Termination Payment received from the Swap Counterparty in excess of the amount required and applied by the Issuer to purchase one or more replacement Swap Agreements, and (b) any Replacement Swap Premium received from a replacement Swap Counterparty in excess of the amount required and applied to pay any outgoing Swap Counterparty;
- (vii) amounts received in connection with a repurchase of Mortgage Receivables by the Seller to the extent such amounts do not relate to principal (including Construction Deposits);
- (viii) any amounts received in connection with a sale of Mortgage Receivables (other than a repurchase as per item (vii) above) to the extent such amounts do not relate to principal;
- (ix) any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Foreclosure Proceeds, whether in relation to interest, principal

or otherwise, as part of completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable (the **Post-Foreclosure Proceeds**);

- (x) any amounts standing to the credit of the Issuer Collection Account, after all Notes, other than the Class RS Notes, have been redeemed in full;
- (xi) amounts standing to the credit of the Reserve Account up to the Initial Reserve Account Required Amount until the Amortisation Condition is met or up to the Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
- (xii) an amount equal to the Revenue Shortfall Amount on the immediately succeeding Notes Payment Date (as deducted from the Available Principal Funds);
- (xiii) any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xiv) any Compensation Payments received from the Elan Servicer on the first Notes Calculation Date of a year;

**less:**

- (i) on the first Notes Payment Date of each calendar year, an amount equal to 10 per cent. of the annual fee with a minimum of Euro 2,500, due and payable by the Issuer to the Director in connection with the Issuer Management Agreement;
- (ii) any amount to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;

will, where applicable after having been transferred to the Issuer Collection Account on the Notes Calculation Date, be applied in accordance with the Revenue Priority of Payments.

### **Available Principal Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts calculated on each Notes Calculation Date received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (the **Available Principal Funds**):

- (i) repayment and prepayment of principal in part or in full under the Mortgage Receivables, excluding Prepayment Penalties but including payments under insurance policies towards redemption of the Mortgage Receivables;
- (ii) Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal received and any LTV Contingent Compensation Amount received by the Issuer;
- (iii) amounts received on the Issuer Collection Account on the preceding six Mortgage Collection Payment Dates from the credit balance of the Construction Deposit Account (A) in cases where the relevant Construction Deposit (i) is paid to the relevant Borrower by means of set-off with the relevant Mortgage Receivables or (ii) has not been used by the Borrower after expiry of the agreed term or (B) after the occurrence of an Assignment Notification Event referred to under (e) of its definition;



- (iv) amounts received on the Issuer Collection Account from the credit balance of the Sold Property Portable Mortgage Account in cases where the relevant Available Portability Deposit Amount is not used after the expiry of six months;
- (v) amounts received on the Issuer Collection Account in cases where and to the extent the principal proceeds of the Portable Mortgage Loan were higher than the principal amount of the New Ported Mortgage Loan;
- (vi) amounts standing to the credit of the Further Advance and Unsold Property Portable Mortgage Account on the Notes Calculation Date;
- (vii) amounts received in connection with a repurchase of Mortgage Receivables to the extent such amounts relate to principal;
- (viii) amounts received in connection with a sale of Mortgage Receivables (other than a repurchase as per item (vii) above) to the extent such amounts relate to principal, including a Redemption Price or purchase price received upon exercise of the Tax Call Option;
- (ix) any amounts to be credited to the Principal Deficiency Ledger in accordance with item (g), (j), (m), (p), (s) and (u) of the Revenue Priority of Payments on the immediately succeeding Notes Payment Date;
- (x) after the balance of the Outstanding Principal Amount of Mortgage Receivables has been reduced to zero, or on the Final Maturity Date, any credit amounts in the Reserve Account, the Further Advance and Unsold Property Portable Mortgage Account, the Construction Deposit Account and the Sold Property Portable Mortgage Account;
- (xi) any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xii) any amounts representing the difference if positive between the amounts standing to the credit of the Reserve Account and until the Amortisation Condition is met the Initial Reserve Account Required Amount or the Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
- (xiii) any Restructuring Price;
- (xiv) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied as Redemption Amounts, due to the rounding down of such amounts in accordance with Condition 6(g);

**less:**

- (i) any amount equal to the Revenue Shortfall Amount on the immediately succeeding Notes Payment Date;
- (ii) any amount to be debited from the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (iii) any amounts standing to the credit of the Sold Property Portable Mortgage Account on the Notes Calculation Date to be applied towards the purchase of New Ported Mortgage Receivables (other than on the Final Maturity Date),

will where applicable after having been transferred to the Issuer Collection Account on the Notes Calculation Date, be applied in accordance with the Redemption Priority of Payments.

### **Cash Collection Arrangements**

Payments by the Borrowers of scheduled interest and scheduled principal under the Mortgage Loans are due on the first calendar day of each month (or the next Business Day if such day is not a Business Day), interest being payable in arrears. All payments made by Borrowers are paid into the Collection Foundation Account maintained by the Collection Foundation with the Collection Foundation Account Provider. Intertrust Management B.V. is the director of the Collection Foundation and the Collection Foundation Account is operated by the Collection Foundation Administrator. The Collection Foundation Account is also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Seller is entitled *vis-à-vis* the Collection Foundation and may in the future also be used in connection with new transactions involving future funders of the Seller and/or future Elan Issuers. The Collection Foundation Administrator determines from time to time but at least on a monthly basis what the entitlement is of each Beneficiary and will arrange for the transfer of such amount from the Collection Foundation Account to the relevant Beneficiary in accordance with the Receivables Proceeds Distribution Agreement. The Collection Foundation Administrator undertakes that it will open and maintain in the books of the Collection Foundation ledgers, which shall together reflect all amounts from time to time to be received, receivable or held by or on behalf of the Collection Foundation, which ledger will at least include a ledger for each Beneficiary (which includes all Elan Issuers) and a Compensation Ledger. Each of the Beneficiaries is entitled to foreclose the co-owned pledge right separately without prior consent or co-operation, to the extent the exercise of such right relates to collecting an amount equal to its entitlement.

The Collection Foundation Account will be pledged in favour of the Beneficiaries pursuant to the Collection Foundation Account Pledge Agreement.

In case of foreclosure of the right of pledge, the proceeds of such foreclosure will be divided and distributed to each Beneficiary according to each such Beneficiary's share. The right of pledge created under the Collection Foundation Account Pledge Agreement will remain in place until any and all liabilities of all Beneficiaries (whether actual or contingent, and whether in relation to principal, interest or otherwise), to the extent such liabilities result in a claim for the payment (*geldvordering*) against the Collection Foundation in favour of such Beneficiary have been discharged in full.

If at any time the rating of the Collection Foundation Account Provider falls below the Collection Foundation Account Provider Requisite Credit Rating or any such rating is withdrawn by any of the Credit Rating Agencies, Quion Services B.V. on behalf of the Collection Foundation, will as soon as reasonably possible, but within the remedy period as specified by the relevant Credit Rating Agency which on the date of this Prospectus is 30 calendar days for Moody's and Fitch, (i) transfer the Collection Foundation Account to an alternative bank with at least the Collection Foundation Account Provider Requisite Credit Rating or (ii) ensure that payments to be made by the Collection Foundation Account Provider in respect of amounts received on the Collection Foundation Account relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee from an eligible party, or transfer the Collection Foundation Account to a new account provider that meets at least the Collection Foundation Account Provider Requisite Credit Rating.

All reasonable costs and expenses (including but not limited to any replacement of guarantee costs), if any, incurred by the Collection Foundation or the Seller relating to any action taken by them in relation to the actions mentioned above as a consequence of the downgrade of the Collection Foundation Account Provider below the Collection Foundation Account Provider Requisite Credit Rating, or any of such rating being withdrawn, shall be borne by the Collection Foundation and the Collection Foundation Account Provider shall reimburse the Collection Foundation or the Seller for such costs and expenses immediately upon

receiving a written statement from the relevant party detailing such costs and expenses. All costs and expenses incurred by the Collection Foundation Account Provider in connection with its rating falling below the Collection Foundation Account Provider Requisite Credit Rating, or the withdrawal of any of such rating, (including but not limited to costs in relation to the replacement of itself, obtaining a third party guarantee or implementing any other suitable action) are for its own account.

In the event of a transfer to an alternative bank as referred to under (i) above, the Collection Foundation shall enter into a pledge agreement – and create a first ranking right of pledge over such bank account in favour of the Beneficiaries – upon terms substantially the same as the Collection Foundation Account Pledge Agreement.

The Collection Foundation and the Issuer have undertaken that all amounts of principal, interest, Prepayment Penalties and interest penalties in respect of the Mortgage Receivables received by the Collection Foundation on the Collection Foundation Account during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables will be credited to the Issuer Collection Account on the relevant Mortgage Collection Payment Date.

## 5.2 Priority of Payments

### Application of amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium

Any amount due and payable to third parties (pursuant to items (a), (b) and (c) of the Revenue Priority of Payments), under obligations incurred in the Issuer's business at a date which is not a Notes Payment Date, may be paid on such due date by the Issuer from the Issuer Collection Account to the extent the Issuer Collection Account Funds are sufficient to make such payment. Furthermore, the Issuer may pay any invoice from the Servicer in connection with its servicing fee in respect of a Mortgage Calculation Period as agreed under the Servicing Agreement on the Business Day immediately succeeding the relevant Mortgage Calculation Date on an account so designated by the Servicer to the extent that the Issuer Collection Account Funds are (i) sufficient to make such payment and (ii) sufficient or in the reasonable opinion of the Issuer will be sufficient to pay the other amounts due and payable to third parties pursuant to items (a) and (b) of the Revenue Priority of Payments or Post-Enforcement and Call Option Exercise Priority of Payments, as the case may be.

Amounts received by the Issuer in respect of (i) Excess Swap Collateral, (ii) Swap Collateral (except to the extent that following the early termination of a Swap Agreement the value of such Swap Collateral has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the swap under the Swap Agreement, as applicable, and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap), (iii) Swap Tax Credits, (iv) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty), (v) any Replacement Swap Premium received by the Issuer that is to be applied by the Issuer in purchasing one or more replacement transactions under a Swap Agreement and (vi) any Swap Termination Payment applied or to be applied by the Issuer in the purchase of one or more replacement swap transactions shall, to the extent due and payable under the terms of the Swap Agreement, be paid directly to the relevant Swap Counterparty without regard to the relevant Priority of Payments and in accordance with the terms of the Swap Agreement.

### Priority of Payments in respect of interest

Unless the Tax Call Option, Portfolio Call Option or Remarketing Call Option has been exercised, in which cases the Post-Enforcement and Call Option Exercise Priority of Payments needs to be followed prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Revenue Funds will pursuant to terms of the Trust Deed be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation 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 **Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of the fees, costs, expenses, charges, liabilities or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any fees, costs, expenses, charges, or liabilities payable to the Collection Foundation under or in connection with any of the Transaction Documents and (iii) any fees, costs, charges, liabilities or expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (ii) the fees and expenses due and payable to the Portfolio Manager under the Portfolio Management Agreement (except for any Portfolio Manager Subordinated Fee), (iii) the fees and expenses due and

payable to the Issuer Administrator under the Administration Agreement, (iv) the fees and expenses due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) the fees and expenses due and payable to the Listing Agent, (vi) any amounts due to the Issuer Account Bank under the Issuer Account Agreement (for the avoidance of doubt including negative interest on the Issuer Accounts) and (vii) the fees and expenses due and payable to the Swap Collateral Custodian under the Swap Collateral Custodian 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 third parties (including but not limited to European DataWarehouse) under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provision for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (i) of the Available Revenue Funds), (ii) any amount due to the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee and (iii) any amounts due in connection with the listing of the Notes;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due and payable to the Swap Counterparty (including Swap Termination Payments, to the extent not satisfied by the return of any Excess Swap Collateral outside the Priority of Payments but excluding (i) the Swap Counterparty Subordinated Payment and (ii) any amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium, such amounts to be paid outside the Priority of Payments);
- (e) *fifth*, in or towards satisfaction of interest due on the Class A Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class A Notes;
- (f) *sixth*, in or towards satisfaction of any sums required to replenish the Reserve Account so that the Class A Reserve Ledger is equal to the Class A Reserve Account Required Amount;
- (g) *seventh*, in or towards satisfaction, of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of interest due on the Class B Notes unless the Class B Principal Deficiency Ledger has a debit balance, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class B Notes;
- (i) *ninth*, in or towards satisfaction of any sums required to replenish the Reserve Account so that the Class B Reserve Ledger is equal to the Class B Reserve Account Required Amount;
- (j) *tenth*, 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 and thereafter in or towards satisfaction of sums to be credited to the Class B Senior Interest Deficiency Ledger until the debit balance, if any on the Class B Senior Interest Deficiency Ledger is reduced to zero, such amount to be applied in or towards satisfaction of interest due on the Class B Notes, excluding the Subordinated Extension Payment Amount relating to the Class B Notes;
- (k) *eleventh*, in or towards satisfaction of interest due on the Class C Notes unless the Class C Principal Deficiency Ledger has a debit balance, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class C Notes;
- (l) *twelfth*, in or towards satisfaction of any sums required to replenish the Reserve Account so that the Class C Reserve Ledger is equal to the Class C Reserve Account Required Amount;

- (m) *thirteenth*, 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 and thereafter in or towards satisfaction of sums to be credited to the Class C Senior Interest Deficiency Ledger until the debit balance, if any on the Class C Senior Interest Deficiency Ledger is reduced to zero, such amount to be applied in or towards satisfaction of interest due on the Class C Notes, excluding the Subordinated Extension Payment Amount relating to the Class C Notes;
- (n) *fourteenth*, in or towards satisfaction of interest due on the Class D Notes unless the Class D Principal Deficiency Ledger has a debit balance, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class D Notes;
- (o) *fifteenth*, in or towards satisfaction of any sums required to replenish the Reserve Account so that the Class D Reserve Ledger is equal to the Class D Reserve Account Required Amount;
- (p) *sixteenth*, 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 and thereafter in or towards satisfaction of sums to be credited to the Class D Senior Interest Deficiency Ledger until the debit balance, if any on the Class D Senior Interest Deficiency Ledger is reduced to zero, such amount to be applied in or towards satisfaction of interest due on the Class D Notes, excluding the Subordinated Extension Payment Amount relating to the Class D Notes;
- (q) *seventeenth*, in or towards satisfaction of interest due on the Class E Notes unless the Class E Principal Deficiency Ledger has a debit balance, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class E Notes;
- (r) *eighteenth*, in or towards satisfaction of any sums required to replenish the Reserve Account so that the Class E Reserve Ledger is equal to the Class E Reserve Account Required Amount;
- (s) *nineteenth*, 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 and thereafter in or towards satisfaction of sums to be credited to the Class E Senior Interest Deficiency Ledger until the debit balance, if any on the Class E Senior Interest Deficiency Ledger is reduced to zero, such amount to be applied in or towards satisfaction of interest due on the Class E Notes, excluding the Subordinated Extension Payment Amount relating to the Class E Notes;
- (t) *twentieth*, in or towards satisfaction of interest due on the Class F Notes unless the Class F Principal Deficiency Ledger has a debit balance, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class F Notes;
- (u) *twenty-first*, in or towards satisfaction of sums to be credited to the Class F Principal Deficiency Ledger until the debit balance, if any, on the Class F Principal Deficiency Ledger is reduced to zero and thereafter in or towards satisfaction of sums to be credited to the Class F Senior Interest Deficiency Ledger until the debit balance, if any on the Class F Senior Interest Deficiency Ledger is reduced to zero, such amount to be applied in or towards satisfaction of interest due on the Class F Notes, excluding the Subordinated Extension Payment Amount relating to the Class F Notes;
- (v) *twenty-second*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class A Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class A Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class A Notes as Subordinated Extension Payment Amount relating to the Class A Notes;

- (w) *twenty-third*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class B Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class B Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class B Notes as Subordinated Extension Payment Amount relating to the Class B Notes;
- (x) *twenty-fourth*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class C Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class C Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class C Notes as Subordinated Extension Payment Amount relating to the Class C Notes;
- (y) *twenty-fifth*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class D Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class D Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class D Notes as Subordinated Extension Payment Amount relating to the Class D Notes;
- (z) *twenty-sixth*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class E Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class E Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class E Notes as Subordinated Extension Payment Amount relating to the Class E Notes;
- (aa) *twenty-seventh*, after the First Optional Redemption Date, in or towards satisfaction of sums to be credited to the Class F Subordinated Interest Deficiency Ledger until the debit balance, if any on the Class F Subordinated Interest Deficiency Ledger is reduced to zero, and thereafter in or towards satisfaction of interest due or accrued but unpaid on the Class F Notes as Subordinated Extension Payment Amount relating to the Class F Notes;
- (bb) *twenty-eighth*, on the first Notes Payment Date only, to the Seller in or towards satisfaction of the Funding Adjustment Costs;
- (cc) *twenty-ninth*, in or towards satisfaction of the Portfolio Manager Subordinated Fee;
- (dd) *thirtieth*, in or towards satisfaction of the Swap Counterparty Subordinated Payments due and payable to the Swap Counterparty under the terms of the Swap Agreement; and
- (ee) *thirty-first*, in or towards satisfaction of any remaining amounts as Class RS Notes Interest Amount to the Class RS Notes.

In the event of a shortfall of interest payments to a Class of Floating Rate Notes other than a shortfall of interest due and payable under item (e) of the Revenue Priority of Payments the Issuer shall debit the Senior Interest Deficiency Ledger or, as applicable, the Subordinated Interest Deficiency Ledger of the relevant Class of Floating Rate Notes by an amount equal to the amount by which the aggregate amount of such Senior Interest Part or, as applicable such Subordinated Extension Payment Amount paid on the relevant Class of Floating Rate Notes on any Notes Payment Date falls short of the aggregate Senior Interest Part or, as applicable such Subordinated Extension Payment Amount payable on such Class of Floating Rate Notes. Such shortfall shall not be treated as due on that date, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the relevant Class of Floating Rate Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount as if it were interest due on each relevant Class of Floating Rate Notes on the next succeeding Notes Payment Date.

A shortfall of interest payments to the Most Senior Class of Floating Rate Notes for a period of 14 calendar days or more constitutes an Event of Default.

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

Unless the Tax Call Option, Portfolio Call Option or Remarketing Call Option has been exercised, in which cases the Post-Enforcement and Call Option Exercise Priority of Payments needs to be followed, prior to the delivery of an Enforcement Notice by the Security Trustee the Available Principal Funds will, pursuant to terms of the Trust Deed, be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation 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 **Redemption Priority of Payments**):

- (a) *first*, subject to the Conditions and provided that the Further Advance Purchase Conditions or the New Ported Mortgage Receivables Purchase Conditions, as the case may be, have been met in or towards replenishment of the Further Advance and Unsold Property Portable Mortgage Account up to the Available Further Advance and Unsold Property Portable Mortgage Deposit Amount;
- (b) *second*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed in accordance with the Conditions;
- (c) *third*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions;
- (d) *fourth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed in accordance with the Conditions;
- (e) *fifth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class D Notes until fully redeemed in accordance with the Conditions;
- (f) *sixth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class E Notes until fully redeemed in accordance with the Conditions; and
- (g) *seventh*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class F Notes until fully redeemed in accordance with the Conditions; and
- (h) *eighth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class RS Notes.

### **Post-Enforcement and Call Option Exercise Priority of Payments**

- (i) following the exercise of the Tax Call Option, Portfolio Call Option and Remarketing Call Option, the Available Revenue Funds and Available Principal Funds available to the Issuer on the Notes Payment Date; and
- (ii) following the delivery of an Enforcement Notice, the Enforcement Available Amount, which shall exclude amounts representing (i) any Excess Swap Collateral (which shall be returned directly to the Swap Counterparty in accordance with the Swap Agreement), (ii) any Swap Tax Credits, which shall be returned directly to the Swap Counterparty, and (iv) in respect of the Swap Counterparty, prior to the designation of an early termination date under the Swap Agreement and the resulting application of the Swap Collateral by way of netting or set-off, pursuant to the terms of the Swap Agreement, an amount equal to the value of all Swap Collateral provided by the Swap Counterparty to the Issuer pursuant to the Swap Agreement (and any interest or distributions in respect thereof) received or recovered following enforcement of the Security;



will be paid in the following order of priority (in each case only if and to the extent payments of a higher priority have been made in full) (the **Post-Enforcement and Call Option Exercise 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, charges, liabilities or other remuneration due and payable to the Directors (ii) the fees, costs, expenses, charges, liabilities and expenses due and payable to Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees, costs, expenses, charges, liabilities and expenses due to the director of the Collection Foundation under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (ii) the fees and expenses due and payable to the Portfolio Manager under the Portfolio Management Agreement (except, other than in case of an exercise of the Tax Call Option, Portfolio Call Option or the Remarketing Call Option, for any Portfolio Manager Subordinated Fee), (iii) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (iv) the fees and expenses due and payable to the Paying Agent and the Reference Agent under the provisions of the Paying Agency Agreement, (v) the fees and expenses due and payable to the Listing Agent, (vi) any amounts due to the Issuer Account Bank under the Issuer Account Agreement (for the avoidance of doubt, including negative interest on the Issuer Accounts) and (vii) the fees and expenses due and payable to the Swap Collateral Custodian under the Swap Collateral Custodian Agreement;
- (c) *third*, any amounts due and payable to third parties (including but not limited to European DataWarehouse) under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provision for any payment of the Issuer's liability, if any, to tax, (ii) any amount due to the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee and (iii) any amounts due in connection with the listing of the Notes;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due and payable to the Swap Counterparty (including Swap Termination Payments, to the extent not satisfied by the return of any Excess Swap Collateral outside the Priority of Payments, but excluding any (i) Swap Counterparty Subordinated Payments, and (ii) any amounts in respect of Swap Collateral, Excess Swap Collateral and Swap Tax Credits, the amounts of which will be paid outside the Priority of Payments);
- (e) *fifth*, in or towards satisfaction of interest due on the Class A Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class A Notes;
- (f) *sixth*, in or towards satisfaction of principal due on the Class A Notes;
- (g) *seventh*, in or towards satisfaction of interest due on the Class B Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class B Notes;
- (h) *eighth*, in or towards satisfaction of principal due on the Class B Notes;
- (i) *ninth*, in or towards satisfaction of interest due on the Class C Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class C Notes;
- (j) *tenth*, in or towards satisfaction of principal due on the Class C Notes;

- (k) *eleventh*, in or towards satisfaction of interest due on the Class D Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class D Notes;
- (l) *twelfth*, in or towards satisfaction of principal due on the Class D Notes;
- (m) *thirteenth*, in or towards satisfaction of interest due on the Class E Notes, excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class E Notes;
- (n) *fourteenth*, in or towards satisfaction of principal due on the Class E Notes;
- (o) *fifteenth*, in or towards satisfaction of interest due on the Class F Notes excluding, after the First Optional Redemption Date, the Subordinated Extension Payment Amount relating to the Class F Notes;
- (p) *sixteenth*, in or towards satisfaction of principal due on the Class F Notes;
- (q) *seventeenth*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class A Notes as Subordinated Extension Payment Amount relating to the Class A Notes;
- (r) *eighteenth*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class B Notes as Subordinated Extension Payment Amount relating to the Class B Notes;
- (s) *nineteenth*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class C Notes as Subordinated Extension Payment Amount relating to the Class C Notes;
- (t) *twentieth*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class D Notes as Subordinated Extension Payment Amount relating to the Class D Notes;
- (u) *twenty-first*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class E Notes as Subordinated Extension Payment Amount relating to the Class E Notes;
- (v) *twenty-second*, after the First Optional Redemption Date, in or towards satisfaction of interest due or accrued but unpaid on the Class F Notes as Subordinated Extension Payment Amount relating to the Class F Notes;
- (w) *twenty-third*, in or towards satisfaction of the Portfolio Manager Subordinated Fee;
- (x) *twenty-fourth*, in or towards the satisfaction of the Swap Counterparty Subordinated Payments due and payable to the Swap Counterparty under the terms of the Swap Agreement; and
- (y) *twenty-fifth*, in or towards satisfaction of principal and any remaining amount due on the Class RS Notes.

### 5.3 Loss Allocation

#### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising six 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, the Class E Principal Deficiency Ledger and the Class F Principal Deficiency Ledger, respectively, will be established by or on behalf of the Issuer in order to record any Realised Loss on the Mortgage Receivables and any Revenue Shortfall Amount.

The sum of any Realised Loss and any Revenue Shortfall Amount shall be debited to the Class F Principal Deficiency Ledger (such debit items being reccredited through the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class F Notes and thereafter shall be debited to the Class E Principal Deficiency Ledger (such debit items being reccredited through the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of 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 through the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of 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 through the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of 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 through the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, pro rata according to the Principal Amount Outstanding of the Class A Notes on each Notes Payment Date, to the Class A Principal Deficiency Ledger (such debit items being reccredited through the Revenue Priority of Payments on each Notes Payment Date).

**Realised Loss** means, on any Notes Payment Date, the sum of:

- (a) with respect to the Mortgage Receivables in respect of which the Seller, the Issuer, the Servicer or the Security Trustee has completed the foreclosure in the immediately preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of all such Mortgage Receivables exceeds (ii) the amount of the Net Foreclosure Proceeds (to the extent relating to principal) applied to reduce the Outstanding Principal Amount of the Mortgage Receivables;
- (b) with respect to the Mortgage Receivables in respect of which the Borrower (x) has successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount in the immediately preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Outstanding Principal Amount of such Mortgage Receivables, after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the Seller or otherwise in accordance with any item of the Available Principal Funds; and
- (c) with respect to the Mortgage Receivables in respect of which a breach of one of the Key Representations or any other Mortgage Loan Criterion or representation and warranty (which does not constitute a Key Representation) has been identified which is not cured within the Key

Representation Remedy Period or Other Representations Remedy Period, as applicable, the Outstanding Principal Amount of such Mortgage Receivables.

## 5.4 Hedging

### Interest Rate Hedging

The Mortgage Loan Criteria require that all Mortgage Receivables sold and assigned to the Issuer at Closing bear a floating rate or a fixed rate of interest (as further described in Section 6.2 (*Description of Mortgage Loans*)).

The interest rate payable by the Issuer with respect to the Floating Rate Notes is calculated as a margin over three month Euribor. The Issuer will hedge the interest rate exposure in respect of the Floating Rate Notes by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, on each Swap Payment Date, the Issuer will agree to pay to the Swap Counterparty an amount equal to the sum of (a) (i) the Swap Notional Amount for the relevant Swap Calculation Period *multiplied by* (ii) the Swap Fixed Rate (which will be 1.71 per cent. as of the Closing Date) *multiplied by* (iii) the relevant day count fraction determined on an actual/360 basis, and (b) Prepayment Penalties received by the Issuer in respect of the Fixed Rate Mortgage Receivables during the three immediately preceding Mortgage Calculation Periods ending immediately prior to the end of the relevant Swap Calculation Period. The Swap Fixed Rate in respect of a Swap Payment Date will be a rate calculated by the Swap Counterparty equal to (a) the sum, for each Fixed Rate Mortgage Receivable (or part thereof), of the product of (i) the Mortgage Receivable Swap Rate determined in respect of the most recent Mortgage Receivable Reset Date for such Fixed Rate Mortgage Receivable and (ii) the Outstanding Principal Amount of such Fixed Rate Mortgage Receivable (or part thereof) as of the Swap Notional Observation Date in respect of the relevant Swap Calculation Period, *divided by* (b) the aggregate of the Outstanding Principal Amounts of the Fixed Rate Mortgage Receivables as of the Swap Notional Observation Date in respect of the relevant Swap Calculation Period.

The Mortgage Receivable Swap Rate in respect of a Fixed Rate Mortgage Receivable (or part thereof) and any date of determination will be the Mortgage Receivable Swap Rate determined in respect of the most recent Mortgage Receivable Reset Date for such Fixed Rate Mortgage Receivable (or part thereof) in accordance with the Interest Rate Reset Agreement as further described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*). If the Back Swap Provider fails to notify the Swap Counterparty of the interest rates pursuant to (a) above by close of business on the day falling two Business Days prior to the date on which the Swap Counterparty is required to determine the Swap Fixed Rate, the Swap Counterparty will determine such interest rates.

Although the Seller and the Portfolio Manager will have regard to the Mortgage Receivable Swap Rates in respect of any proposed reset of any fixed rate applicable to any Fixed Rate Mortgage Receivable (or part thereof), any Proposed Interest Rate shall always be set subject to, and in accordance with, the Interest Rate Policy and applicable laws, including, without limitation, principles of reasonableness and fairness, competition laws and the Mortgage Conditions (see Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*)). If the weighted average of the Mortgage Interest Rates or the interest payments actually received by the Issuer at any time is lower than the Swap Fixed Rate (and the senior transaction expenses) at such time, the Available Revenue Funds at item (d) of the Revenue Priority of Payments may be insufficient to make the required payments under the Swap Agreement and, as a result, a Swap Event of Default may occur in relation to the Issuer.

On the same Swap Payment Date, the Swap Counterparty will agree to pay to the Issuer an amount equal to (a) the Swap Notional Amount for the relevant Swap Calculation Period *multiplied by* (b) Euribor for three month deposits determined as at the immediately preceding Interest Determination Date *multiplied by* (c) the relevant day count fraction determined on an actual/360 basis (the **Swap Counterparty Floating Amount**).

If the Swap Counterparty Floating Amount is a negative amount (i.e. because Euribor for three month deposits is negative), the Issuer will be required to pay an amount equal to the absolute value of such Swap Counterparty Floating Amount to the Swap Counterparty. The amounts payable by the Issuer and the Swap Counterparty under the Swap Agreement will be netted so that on the relevant Swap Payment Date, only a net amount will be due from the Issuer or the Swap Counterparty (as the case may be).

The Swap Notional Amount in respect of a Swap Calculation Period will be an amount in Euro equal to the sum of (i) the Outstanding Principal Amount of the Fixed Rate Mortgage Receivables as at the Swap Notional Observation Date (as defined below) for such Swap Calculation Period and (ii) the credit balance (if any) of the Sold Property Portable Mortgage Account in respect of Fixed Rate Mortgage Receivables as at the Swap Notional Observation Date for such Swap Calculation Period.

Each Swap Payment Date will be (a) if the net swap payment is due from the Swap Counterparty, three Business Days prior to the relevant Notes Payment Date, and (b) if the net swap payment is due from the Issuer, the relevant Notes Payment Date. The Swap Agreement will be documented under a 1992 ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one of certain specified Swap Events of Default and Swap Termination Events commonly found in standard ISDA documentation except where such Swap Events of Default and Swap Termination Events are disapplied and/or modified and any Swap Additional Termination Events are added. The Swap Agreement may be terminated if an applicable Swap Event of Default or Swap Termination Event (as defined below) occurs. Swap Events of Default under the Swap Agreement in relation to the Issuer will be limited to (a) non-payment under the Swap Agreement, (b) certain insolvency events and (c) Merger Without Assumption (as defined therein), whereas all Swap Events of Default under the Swap Agreement other than Credit Support Default (as defined therein), shall apply in relation to the Swap Counterparty, including non-payment under the Swap Agreement, and insolvency in respect of the Swap Counterparty.

In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general creditor of the Swap Counterparty and is consequently subject to the credit risk of the Swap Counterparty. To mitigate this risk, under the terms of the Swap Agreement, the Swap Counterparty is obliged to post collateral or implement an alternative remedy in accordance with the terms of the Swap Agreement in the event that the relevant ratings of the Swap Counterparty are below certain levels while the Swap Agreement is outstanding. No assurance, however, can be given that sufficient collateral will be available to the Swap Counterparty such that it is able to post collateral in accordance with the requirements of the Swap Agreement.

If the Swap Counterparty ceases to have at least the Initial Required Ratings, the Swap Counterparty will be required, within the Initial Remedy Period, to provide 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), or (in the case of Fitch only) within 30 calendar days: (i) arrange for its obligations under the Swap Agreement to be transferred to an entity having at least the Initial Required Ratings and which satisfies the transfer provisions of the Swap Agreement, (ii) procure another entity with at least the Initial Required Ratings to become co-obligor in respect of its obligations under the Swap Agreement, or (iii) take such other action as may be required to maintain or, as the case may be, restore the then current rating assigned to the Notes. If the Swap Counterparty ceases to have at least the Subsequent Required Ratings, the Swap Counterparty will be required, within the Initial Remedy Period, to provide (or continue to provide) collateral for its obligations under the Swap Agreement (pursuant to the credit support annex) and, within the Subsequent Remedy Period, to (i) arrange for its obligations under the Swap Agreement to be transferred to an entity having at least the Initial Required Ratings (in the case of Fitch) or the Subsequent Required Ratings (in the case of Moody's) and which satisfies the transfer provisions of the Swap Agreement or (ii) procure another entity with at least the Initial Required Ratings (in the case of Fitch) or the Subsequent Required Ratings (in the case of Moody's) to become co-obligor in respect of its obligations under the Swap Agreement. Failure to

take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement. While the Issuer is required to seek offers in the market from potential replacement swap providers in contemplation of a termination, the Swap Agreement does not impose an obligation on the Issuer, on termination of the Swap Agreement, to actually accept one of those offers.

Any collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the credit support annex will promptly be returned to the Swap Counterparty prior to the distribution of any amounts due by the Issuer under the Transaction Documents and outside the relevant Priority of Payments. Interest accrued on the Swap Collateral will either be deposited on the Swap Collateral Account or paid to the Swap Counterparty in accordance with the credit support annex. Any Swap Tax Credits obtained by the Issuer shall also be paid to the Swap Counterparty outside the relevant Priority of Payments.

If the Swap Agreement terminates the Issuer may be obliged to pay a Swap Termination Payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. Any such Swap Termination Payment could be substantial. There can be no assurance that the Issuer will have sufficient funds available to make any Swap Termination Payment due under the Swap Agreement. In addition, if such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. Subject to the terms of the Swap Agreement, if the Swap Counterparty is the Defaulting Party or the sole Affected Party (in each case, as defined in the Swap Agreement), the amount of any Swap 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 sufficient market quotations cannot be obtained). If the Issuer is the Defaulting Party or an Affected Party, the amount of any Swap Termination Payment will be based on the Swap Counterparty's loss (or gain). The projected amortisation of the Swap Notional Amount for the purpose of determining the Swap Counterparty's loss (or gain) will be based on (a) the expected prepayment rate assumption in respect of each Fixed Rate Mortgage Receivable (or part thereof) provided by Goldman Sachs International (prior to the termination of the Back Swap Transaction) or the Swap Counterparty (on or after the termination of the Back Swap Transaction), and (b) the assumption that the Outstanding Principal Amount of each Fixed Rate Mortgage Receivable (or part thereof) reduces to zero on the first date on which the fixed rate payable under such Fixed Rate Mortgage Receivable (or part thereof) is scheduled to be reset.

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.

### **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 Swap Termination Payment (including any Swap Counterparty Subordinated 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 a Replacement Swap Premium from a replacement swap

counterparty in connection with entering into a replacement swap agreement as a result of the market value of such swap agreement, then the Issuer shall apply such Replacement Swap Premium received from that replacement swap counterparty to pay an amount equal to such Swap Termination Payment (for the avoidance of doubt minus any Unpaid Amounts owed by the Issuer to the Swap Counterparty) outside the relevant Priority of Payments and such amount will not form part of the Available Revenue Funds.

## **EMIR**

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. Timing for implementation of the clearing obligation under EMIR has been finalised for certain interest rate swap transactions but remains uncertain for other asset classes.

EMIR also contains requirements with respect to margining which are expected to be phased in from 1 September 2016. Various regulatory and implementing technical standards have now come into force, but certain critical technical standards have not yet been finalised or come into force, including those addressing which additional classes of OTC derivative contracts will be subject to the clearing obligation and the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared.

Under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. The Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository.



**5.5      Liquidity Support**

Not Applicable

## **5.6 Transaction Accounts**

### **Issuer Accounts**

#### *Issuer Collection Account*

The Issuer will maintain with N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in The Hague, the Netherlands, in its capacity as Issuer Account Bank, the Issuer Collection Account to which – among other things – all amounts received (i) in respect of the Mortgage Receivables on each Mortgage Collection Payment Date from the Collection Foundation Account and (ii) from any other parties to the Transaction Documents will be credited. Payments from other parties include but are not limited to the Net Swap Payments paid on each Swap Payment Date, Compensation Payments received from the Elan Servicer on the Collection Foundation Account in case of a breach of representations and warranties or Mortgage Loan Criteria, proceeds from a repurchase of Mortgage Loans by the Seller, amounts paid from the Construction Deposit Account and Sold Property Portable Mortgage Account after expiry of the rights of a Borrower in respect of a Construction Deposit or Portable Mortgage Receivable, and proceeds from the Further Advance and Unsold Property Portable Mortgage Account. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account and establish ledgers for such purpose. On each Notes Payment Date, the Paying Agent will receive from the Issuer a payment from the Issuer Collection Account and shall instruct payment on the Notes to Noteholders and other parties according to the Priority of Payments in respect of interest and principal.

The Issuer Administrator will be responsible for making certain payments from the Issuer Collection Account to third parties in accordance with the above, however; the Paying Agent will make payments to the Noteholders.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy amounts due to third parties (other than pursuant to the Transaction Documents) and under obligations incurred in connection with the Issuer's business such as the fees and expenses falling due and payable to European DataWarehouse in respect of the publication of loan-by-loan information.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which on the Closing Date the Initial Reserve Account Required Amount will be credited.

The Class A Initial Reserve Account Required Amount means an amount equal to 0.912 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class A Notes have been fully redeemed, in which case the Class A Initial Reserve Account Required Amount will be zero.

The Class B Initial Reserve Account Required Amount means an amount equal to 0.128 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class B Notes have been fully redeemed, in which case the Class B Initial Reserve Account Required Amount will be zero.

The Class C Initial Reserve Account Required Amount means an amount equal to 0.024 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class C Notes have been fully redeemed, in which case the Class C Initial Reserve Account Required Amount will be zero.

The Class D Initial Reserve Account Required Amount means an amount equal to 0.013 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class D Notes have been fully redeemed, in which case the Class D Initial Reserve Account Required Amount will be zero

The Class E Initial Reserve Account Required Amount means an amount equal to 0.016 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class E Notes have been fully redeemed, in which case the Class E Initial Reserve Account Required Amount will be zero.

On each Notes Payment Date, the Reserve Account will be replenished, subject to the Revenue Priority of Payments up to the Initial Reserve Account Required Amount for each relevant Class of Notes until the Amortisation Condition is met. On each Notes Payment Date after the Amortisation Condition is met, the Reserve Account will be replenished, subject to the Revenue Priority of Payments up to the Ongoing Reserve Account Required Amount for each relevant Class of Notes.

The Class A Ongoing Reserve Account Required Amount will be the higher of (a) 0.912 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, at the last day of the immediately preceding Notes Calculation Period and (b) 0.456 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class A Notes have been fully redeemed, in which case the Class A Ongoing Reserve Account Required Amount will be zero.

The Class B Ongoing Reserve Account Required Amount will be the higher of (a) 0.128 per cent. of the Outstanding Principal Amount of Mortgage Receivables at the last day of the immediately preceding Notes Calculation Period and (b) 0.128 per cent. of the Outstanding Principal Amount of Mortgage Receivables as at the Cut-Off Date, unless the Class B Notes have been fully redeemed, in which case the Class B Ongoing Reserve Account Required Amount will be zero.

The Class C Ongoing Reserve Account Required Amount will be the higher of (a) 0.024 per cent. of the Outstanding Principal Amount of Mortgage Receivables at the last day of the immediately preceding Notes Calculation Period and (b) 0.024 per cent. of the Outstanding Principal Amount of Mortgage Receivables as at the Cut-Off Date, unless the Class C Notes have been fully redeemed, in which case the Class C Ongoing Reserve Account Required Amount will be zero.

The Class D Ongoing Reserve Account Required Amount will be the higher of (a) 0.013 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, at the last day of the immediately preceding Notes Calculation Period and (b) 0.013 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class D Notes have been fully redeemed, in which case the Class D Ongoing Reserve Account Required Amount will be zero.

The Class E Ongoing Reserve Account Required Amount will be the higher of (a) 0.016 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, at the last day of the immediately preceding Notes Calculation Period and (b) 0.016 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class E Notes have been fully redeemed, in which case the Class E Ongoing Reserve Account Required Amount will be zero.

The Amortisation Condition is met when the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, at the last day of the immediately preceding Notes Calculation Period is less than 50 per cent. of the Outstanding Principal Amount of the

Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, provided that:

- (i) none of the Seller, the Servicer or the Portfolio Manager is in default under any of the Transaction Documents;
- (ii) no Swap Termination Event has occurred;
- (iii) there is no debit balance outstanding on the Principal Deficiency Ledger or no debit balance will be outstanding on the immediately succeeding Notes Calculation Date taking into account calculations performed in accordance with the Redemption Priority of Payments; and
- (iv) the aggregate of the Realised Losses does not exceed 0.75 per cent. of the Outstanding Principal Amount of Mortgage Receivables as at the Cut-Off Date.

The balance of the Reserve Account is amortising as long as the Amortisation Condition is met. If the Amortisation Condition is no longer met the balance of the Reserve Account will no longer be amortising and can only be distributed in accordance with the relevant Priority of Payments or when the Principal Amount Outstanding of the Mortgage Receivables has reduced to zero.

A reserve ledger (the **Reserve Ledger**) comprising five sub-ledgers defined as the **Class A Reserve Ledger**, the **Class B Reserve Ledger**, the **Class C Reserve Ledger**, the **Class D Reserve Ledger** and the **Class E Reserve Ledger**, respectively, shall be established by the Issuer Administrator on the Closing Date, in order to record on the Notes Calculation Date immediately preceding a Notes Payment Date the amount up to which the Reserve Account may be drawn on the Notes Payment Date to make up for shortfalls to satisfy the payment of certain items of the Revenue Priority of Payments.

Amounts standing to credit of the Reserve Account will form part of the Available Revenue Funds on each Notes Payment Date and the Reserve Account and the relevant Reserve Ledgers will be replenished by the relevant Priority of Payments.

On the Notes Payment Date on which all amounts of interest and principal due in respect of the relevant Class of Notes have been paid or will be paid, the Initial Reserve Account Required Amount, or as the case may be, the Ongoing Reserve Account Required Amount of the relevant Class of Notes will be reduced to zero and any amount standing to the credit of the relevant Reserve Ledger will thereafter be transferred to the Issuer Collection Account and will form part of the Available Principal Funds.

On the Final Maturity Date or on the date when the Outstanding Principal Amount of the Mortgage Receivables has been reduced to zero, the Initial Reserve Account Required Amount, or as the case may be, the Ongoing Reserve Account Required Amount of the relevant Class of Notes will be reduced to zero and any amount standing to the credit of the relevant Reserve Ledger will thereafter be transferred to the Issuer Collection Account and will form part of the Available Principal Funds.

#### *Construction Deposit Account*

The Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On the Closing Date an amount corresponding to the Aggregate Construction Deposit Amount as at the Cut-Off Date will be withheld from the Initial Purchase Price for the Mortgage Receivables assigned on the Closing Date and such amount will be credited to the Construction Deposit Account.

Furthermore, on each date on which a Further Advance or a New Ported Mortgage Loan with a Construction Deposit is purchased by the Issuer, the Construction Deposit Amount relating to such Further Advance or

New Ported Mortgage Loan will be withheld from the Initial Purchase Price for the related Further Advance Receivable or New Ported Mortgage Receivable and credited to the Construction Deposit Account.

Payments may be made from the Construction Deposit Account on a daily basis only for reimbursement by the Issuer to the Seller for amounts distributed in respect of (part of) the Construction Deposit by the Seller to the relevant Borrowers. In addition, the Construction Deposit Account will be debited on each Mortgage Collection Payment Date falling on the fifth Business Day of each Mortgage Calculation Period with the amount that has been set off against the Mortgage Receivables in connection with the Construction Deposits (as a result of an expired Construction Deposit that has not been extended pursuant to an agreement between the Seller and the Borrower). Such amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds.

#### *Sold Property Portable Mortgage Account and New Ported Mortgage Receivables*

The Issuer will open a bank account to facilitate the portability of mortgage loans (*meeneemregeling*) pursuant to the Seller's Mortgage Conditions. If the sale of the Old Mortgaged Asset and the subsequent purchase of the New Mortgaged Asset happen within the same Mortgage Calculation Period the principal proceeds received by the Collection Foundation for the benefit of the Issuer on the Collection Foundation Account in relation to the redemption of the relevant Portable Mortgage Loan will be applied to purchase and accept assignment of the related New Ported Mortgage Receivables. If the sale of the Old Mortgaged Assets takes place prior to the purchase of the New Mortgaged Asset but they do not happen in the same Mortgage Calculation Period, the Collection Foundation Administrator on behalf of the Issuer will deposit the principal repayment amount of the relevant Portable Mortgage Loan in the Sold Property Portable Mortgage Account (such deposited amount being, the **Available Portability Deposit Amount**). The Available Portability Deposit Amount does not form part of the Available Principal Funds.

The Issuer will apply the relevant funds deposited on the Sold Property Portable Mortgage Account outside of any Priority of Payments to purchase and accept assignment (if required in advance) of the New Ported Mortgage Receivable if the related New Ported Mortgage Loan is granted within six months after the deposit was made on the Sold Property Portable Mortgage Account provided that the New Ported Mortgage Receivable is offered to the Issuer and granted by the Seller (or the Elan Servicer acting on its behalf as agent). If the related Mortgage Loan has not been granted within six months after the deposit was made on the Sold Property Portable Mortgage Account, such deposit will be credited on the immediately succeeding Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds. If the purchase of the New Mortgaged Asset takes place prior to the sale of the Old Mortgaged Asset, the purchase of the New Ported Mortgage Receivables will be funded by drawing under the Further Advance and Unsold Property Portable Mortgage Account and in case of the sale of the Old Mortgaged Asset, the proceeds in relation thereto shall form part of the Available Principal Funds.

#### *Further Advance and Unsold Property Portable Mortgage Account*

The Issuer will maintain with the Issuer Account Bank the Further Advance and Unsold Property Portable Mortgage Account. If the purchase of the New Mortgaged Asset takes place prior to the sale of the Old Mortgaged Asset, the purchase and assignment of the New Ported Mortgage Receivable will be funded by a drawing under the Further Advance and Unsold Property Portable Mortgage Account and any subsequent prepayments relating to the old Portable Mortgage Loan will be used as Available Principal Funds.

Provided that the Further Advance Purchase Conditions or the New Ported Mortgage Receivables Purchase Conditions, as the case may be, have been met, the Issuer Administrator, on behalf of the Issuer, will apply the Available Principal Funds to credit the Further Advance and Unsold Property Portable Mortgage Account for an amount equal to the Available Further Advance and Unsold Property Portable Mortgage Deposit Amount.

The Available Further Advance and Unsold Property Portable Mortgage Deposit Amount will be used by the Issuer (i) to facilitate portability of mortgage loans (*meeneemregeling*) pursuant to the Seller's Mortgage Conditions in case the sale of the Old Mortgaged Asset takes place after the purchase of the New Mortgaged Asset and (ii) to purchase and accept assignment of any Further Advance Receivables resulting from Further Advances granted by the Seller to a Borrower provided that the New Ported Mortgage Receivables Purchase Conditions or the Further Advance Purchase Conditions, as the case may be, have been met.

The balance of the Available Further Advance and Unsold Property Portable Mortgage Deposit Amount standing to the credit of the Further Advance and Unsold Property Portable Mortgage Account will be credited on each Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds.

### **Swap Collateral Accounts**

The Issuer will maintain with the Swap Collateral Custodian the Swap Collateral Accounts to which any collateral in the form of cash or securities may be credited by the Swap Counterparty pursuant to the Swap Agreement.

No withdrawals may be made in respect of the Swap Collateral Accounts 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, outside the Revenue Priority of Payments or, as applicable, the Post-Enforcement and Call Option Exercise Priority of Payments) including any interest accrued on the Swap Collateral Accounts which may be paid in accordance with the Swap Agreement; or
- (ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, the collateral (in case of securities after liquidation or sale thereof) (other than any Excess Swap Collateral) will form part of the Available Revenue Funds (for the avoidance of doubt, after any close out netting has taken place) provided that such amount may be first applied towards, or reserved for, an upfront payment to a replacement swap counterparty outside the Revenue Priority of Payments until one year after such termination has occurred.

### ***Rating Account Banks***

If at any time the rating of any of the Account Banks falls below the Account Provider Requisite Credit Rating or any such rating is withdrawn by any of the Credit Rating Agencies, the Issuer will be required within the Relevant Remedy Period of such reduction or withdrawal of such rating to (a) transfer the balance standing to the credit of the relevant Issuer Accounts or the Swap Collateral Accounts, as applicable, to an alternative issuer account bank having at least the Account Provider Requisite Credit Rating or (b) to obtain a third party with at least the Account Provider Requisite Credit Rating to guarantee the obligations of the relevant Account Bank.

## **5.7 Administration Agreement**

### **Issuer Services**

In the Administration Agreement, the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including:

- (a) procuring that all calculations to be made pursuant to the Conditions of the Notes and request (if not provided) the receipt of the Mortgage Reports provided by the Servicer during the relevant Notes Calculation Period, the notification from the Reference Agent regarding the Interest Amounts of the Notes (except for the Class RS Notes) and the determination of Net Swap Payments as provided by the Swap Counterparty;
- (b) subject to receipt of the required information, on each Notes Calculation Date the determination of the Available Revenue Funds and Available Principal Funds and the calculation of the Priority of Payments with respect to interest and principal;
- (c) subject to receipt of the required information, preparation and procurement of publication of the Investor Report on each Notes Calculation Date;
- (d) subject to receipt of the required information, preparation and procurement of publication of the Portfolio and Performance Report on a monthly basis;
- (e) the application of amounts received by the Issuer on the Issuer Accounts and the Swap Collateral Accounts in accordance with the applicable Priority of Payments and the Trust Deed;
- (f) procuring ensuring that any drawings, payments or replenishments are made by the Issuer from the Reserve Account in accordance with the Revenue Priority of Payments on each Notes Payment Date;
- (g) procuring ensuring that all payments to be made by the Issuer under the Swap Agreement are made on the Swap Payment Date;
- (h) procuring ensuring that all payments to be made by the Issuer to third parties according to the Revenue Priority of Payments and the Redemption Priority of Payments are made on each Notes Payment Date;
- (i) procuring ensuring that all payments to be made by the Issuer under the Notes are made by the Paying Agent on each Notes Payment Date;
- (j) the maintaining the following ledgers: the Revenue Ledger, the Principal Ledger, the Principal Deficiency Ledgers, the Interest Deficiency Ledgers, the Reserve Ledgers, the Principal Reconciliation Ledger and the Interest Reconciliation Ledger;
- (k) performing the reporting requirements for the purposes of (i) Article 8b of the CRA Regulation and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) and (ii) subject to receipt of the relevant information from the Servicer loan-by-loan information to be posted at the website of the European DataWarehouse;
- (l) operating the Issuer Accounts (including making payments from the Issuer Accounts);
- (m) all administrative actions in relation with the above; and

- (n) submit certain information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

### **Termination**

The Administration Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, by giving notice in writing to the Issuer Administrator with effect from a date (not earlier than the date of the notice) specified in the notice upon the occurrence, or at any time thereafter while such default continues, 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 and by the Issuer upon the expiry of not less than twelve months' notice, subject to (i) written approval of the Security Trustee, which may not be unreasonably withheld, (ii) appointment of a substitute administrator and (iii) Credit Rating Agency Confirmation and (iv) the Issuer pledging its interest in the agreement with such substitute administrator in favour of the Security Trustee. 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.

Furthermore, pursuant to the Administration Agreement the Issuer Administrator will from time to time act as designated reporting entity in respect of the Notes issued by the Issuer, for the purposes of Article 8b of the CRA Regulation and the corresponding implementing measures (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3).

### **Calculations and reconciliation**

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 Servicer for each Notes Calculation Period.

If on any Mortgage Report Date no Mortgage Report is delivered to the Issuer Administrator by the Servicer, as applicable, in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations, necessary, in order for the Issuer Administrator to continue to perform the Issuer Services, as further set out in the Trust Deed and the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicer or a substitute servicer the Mortgage Report. Upon receipt by the Issuer Administrator of such Mortgage Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Mortgage Report was available and will debit or credit the underpaid or overpaid amounts to the relevant Reconciliation Ledger, which amounts will be deducted or added to the Available Revenue Funds or the Available Principal Funds, as applicable.

With respect to the Revenue Priority of Payments, the Issuer Administrator shall only make payments for items (a) up to and including (dd) and shall make no payments to any item ranking below item (dd) until the relevant Mortgage Reports are available. The Issuer Administrator shall credit the amounts remaining after the Revenue Priority of Payments and items (a) up to and including (dd) of the Revenue Priority of Payments have been paid in full on the Interest Reconciliation Ledger. The Issuer shall calculate the Available Principal Funds which shall be deposited into the Principal Reconciliation Ledger. The amounts so calculated and deposited shall be paid on the Notes Payment Date immediately succeeding the receipts of the Mortgage Report and performance of reconciliation by the Issuer Administrator.



Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction 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 Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events).

## **MAD Regulations**

The Directive 2003/6/EC of 28 January 2003 on insider dealing and market manipulation and the Directive 2014/57/EU of 16 April 2014 on criminal sanctions for insider dealing and market manipulation (together the **Market Abuse Directives**), the Regulation 596/2014 of 16 April 2014 on market abuse (the **Market Abuse Regulation**) and the Dutch legislation implementing these Directives (the Market Abuse Directives, Market Abuse Regulation and the Dutch implementing legislation together referred to as the **MAD Regulations**) among other things 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 Servicer and any legal counsel, accountant, banker, broker, securities company or other company other than the Credit 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.

## 6. PORTFOLIO INFORMATION

### 6.1 Stratification Tables

#### Stratification Tables

The numerical information set out below relates to the Pool as of the Cut-Off Date. Therefore not all of the information set out below in relation to the Pool may necessarily correspond to the details of the Mortgage Receivables as at the Closing Date. Furthermore, after the Closing Date, the portfolio will change from time to time as a result of the repayment, prepayment, amendment and repurchase of Mortgage Receivables as well as the purchase of Further Advance Receivables and New Ported Mortgage Receivables. The Mortgage Loans have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement.

However, there can be no assurance that any New Ported Mortgage Receivables or Further Advance Receivables acquired by the Issuer after the Closing Date will have the exact same characteristics as exhibited by the Pool.

#### 1. Key Characteristics

Principal balance	275,524,704.03
Value of Saving Deposits	0.00
Net principal balance	275,524,704.03
Construction Deposits	1,297,222.38
Net principal balance excl. Construction and Saving Deposits	274,227,481.65
Negative balance	0.00
Net principal balance excl. Construction and Saving Deposits and Negative Balance	274,227,481.65
Number of loans	880
Number of loanparts	1,772
Number of negative loanparts	0.00
Average principal balance	313,096.25
Weighted average current interest rate	3.34
Weighted average maturity (in years)	29.21
Weighted average remaining time to interest reset (in years)	17.11
Weighted average seasoning (in years)	0.38
Weighted average CLTOMV	98.41
Weighted average CLTIMV	96.84
Weighted average CLTIFV	113.93
Weighted average OLTOMV	99.18

## 2. Redemption Type

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Annuity	179,151,213	65.02	1,038	58.58	3.35	29.16	98.82
Interest Only	83,437,401	30.28	630	35.55	3.33	29.49	97.52
Linear	12,936,090	4.70	104	5.87	3.29	28.17	98.46
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 3. Outstanding Loan Amount

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
75,000	100,000	273,613	0.10	3	0.34	2.85	26.59	32.41
100,000	150,000	1,908,051	0.69	15	1.70	3.05	28.60	79.45
150,000	200,000	2,211,146	0.80	12	1.36	2.99	28.61	85.18
200,000	250,000	25,178,823	9.14	106	12.05	3.30	29.04	94.50
250,000	300,000	95,751,617	34.75	349	39.66	3.39	29.16	99.33
300,000	350,000	64,939,502	23.57	200	22.73	3.36	29.14	99.41
350,000	400,000	32,677,518	11.86	88	10.00	3.31	29.30	99.33
400,000	450,000	22,113,023	8.03	52	5.91	3.37	29.47	98.57
450,000	500,000	9,870,208	3.58	21	2.39	3.26	29.37	100.28
500,000	550,000	6,322,855	2.29	12	1.36	3.28	29.50	97.34
550,000	600,000	3,973,481	1.44	7	0.80	3.39	29.60	101.35
600,000	650,000	4,371,479	1.59	7	0.80	3.28	29.55	101.06
650,000	700,000	2,724,033	0.99	4	0.45	3.19	29.62	88.13
700,000	750,000	2,215,757	0.80	3	0.34	3.42	29.64	100.39
750,000	800,000	0	0.00	0	0.00	0.00	0.00	0.00
800,000	850,000	0	0.00	0	0.00	0.00	0.00	0.00
850,000	900,000	0	0.00	0	0.00	0.00	0.00	0.00
900,000	950,000	0	0.00	0	0.00	0.00	0.00	0.00
950,000	1,000,000	993,598	0.36	1	0.11	2.84	29.33	81.61
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Average	313,096
Minimum	83,613
Maximum	993,598

## 4. Origination Year

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2015	2016	151,958,351	55.15	978	55.19	3.37	29.01	97.11
2016	>	123,566,353	44.85	794	44.81	3.32	29.46	100.00
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	2015
Minimum	2015
Maximum	2016

## 5. Seasoning

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	1 year	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	0.38
Minimum	0.00
Maximum	0.83

## 6. Legal Maturity

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2015	2020	8,389	0.00	1	0.06	2.69	2.50	96.43
2020	2025	107,950	0.04	3	0.17	2.85	7.24	90.18
2025	2030	102,063	0.04	5	0.28	2.87	10.14	89.08
2030	2035	1,773,031	0.64	20	1.13	3.08	15.65	94.38
2035	2040	6,544,637	2.38	62	3.50	3.34	20.71	95.82
2040	2045	5,306,623	1.93	41	2.31	3.24	25.83	97.73
2045	2050	261,682,011	94.98	1,640	92.55	3.35	29.60	98.52
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	2045
Minimum	2018
Maximum	2046

## 7. Remaining Tenor

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2 years	3 years	8,389	0.00	1	0.06	2.69	2.50	96.43
3 years	4 years	0	0.00	0	0.00	0.00	0.00	0.00
4 years	5 years	2,772	0.00	1	0.06	2.50	4.25	69.78
5 years	6 years	0	0.00	0	0.00	0.00	0.00	0.00
6 years	7 years	15,179	0.01	1	0.06	2.35	6.25	49.91
7 years	8 years	90,000	0.03	1	0.06	2.94	7.50	97.60
8 years	9 years	0	0.00	0	0.00	0.00	0.00	0.00
9 years	10 years	66,793	0.02	4	0.23	2.79	9.46	86.65
10 years	11 years	0	0.00	0	0.00	0.00	0.00	0.00
11 years	12 years	35,271	0.01	1	0.06	3.03	11.42	93.69
12 years	13 years	0	0.00	0	0.00	0.00	0.00	0.00
13 years	14 years	0	0.00	0	0.00	0.00	0.00	0.00
14 years	15 years	728,394	0.26	9	0.51	3.09	14.64	95.70
15 years	16 years	418,982	0.15	6	0.34	2.86	15.43	86.92
16 years	17 years	475,193	0.17	4	0.23	3.18	16.66	96.48
17 years	18 years	150,461	0.05	1	0.06	3.34	17.92	102.07
18 years	19 years	0	0.00	0	0.00	0.00	0.00	0.00
19 years	20 years	2,828,790	1.03	27	1.52	3.37	19.52	94.37
20 years	21 years	931,429	0.34	12	0.68	3.35	20.28	100.65
21 years	22 years	1,629,298	0.59	14	0.79	3.26	21.63	93.25
22 years	23 years	876,436	0.32	7	0.40	3.31	22.44	98.76
23 years	24 years	693,817	0.25	5	0.28	3.35	23.60	101.63
24 years	25 years	1,080,307	0.39	9	0.51	3.23	24.56	95.61
25 years	26 years	1,790,950	0.65	14	0.79	3.32	25.40	101.46
26 years	27 years	587,832	0.21	4	0.23	3.22	26.70	91.44
27 years	28 years	1,432,403	0.52	11	0.62	3.15	27.55	95.82
28 years	29 years	131,653	0.05	1	0.06	3.54	28.67	101.97
29 years	30 years	253,434,137	91.98	1,593	89.90	3.35	29.59	98.43
30 years	>	8,116,221	2.95	46	2.60	3.32	30.00	101.35
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	29.21
Minimum	2.50
Maximum	30.00

## 8a. Original Loan to Original Foreclosure Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	0	0.00	0	0.00	0.00	0.00	0.00
40%	50%	173,613	0.06	2	0.23	2.71	24.82	36.67
50%	60%	530,510	0.19	4	0.45	2.89	27.70	48.51
60%	70%	148,123	0.05	1	0.11	2.80	29.42	51.08
70%	80%	377,568	0.14	2	0.23	3.19	27.51	63.61
80%	90%	2,038,941	0.74	8	0.91	2.89	28.58	71.73
90%	100%	14,893,337	5.41	50	5.68	3.08	28.83	81.06
100%	110%	18,173,277	6.60	60	6.82	3.27	29.10	88.70
110%	120%	105,713,384	38.37	338	38.41	3.35	29.20	99.09
120%	130%	133,375,952	48.41	414	47.05	3.39	29.30	102.02
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	116.69
Minimum	29.41
Maximum	124.39

## 9a. Current Loan to Original Foreclosure Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	0	0.00	0	0.00	0.00	0.00	0.00
40%	50%	173,613	0.06	2	0.23	2.71	24.82	36.67
50%	60%	530,510	0.19	4	0.45	2.89	27.70	48.51
60%	70%	148,123	0.05	1	0.11	2.80	29.42	51.08
70%	80%	509,270	0.18	3	0.34	3.10	26.22	64.63
80%	90%	3,318,735	1.20	13	1.48	2.97	28.46	73.22
90%	100%	15,146,490	5.50	49	5.57	3.08	28.87	81.57
100%	110%	20,101,169	7.30	66	7.50	3.28	29.07	89.83
110%	120%	143,376,658	52.04	452	51.36	3.37	29.20	99.84
120%	130%	92,120,137	33.43	289	32.84	3.38	29.38	102.47
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	115.77
Minimum	29.41
Maximum	123.85

### 10a. Current Loan to Indexed Foreclosure Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	0	0.00	0	0.00	0.00	0.00	0.00
40%	50%	173,613	0.06	2	0.23	2.71	24.82	36.67
50%	60%	678,632	0.25	5	0.57	2.87	28.08	49.07
60%	70%	0	0.00	0	0.00	0.00	0.00	0.00
70%	80%	931,234	0.34	5	0.57	3.01	26.61	66.69
80%	90%	4,141,548	1.50	15	1.70	2.99	28.78	74.99
90%	100%	16,319,832	5.92	51	5.80	3.09	28.93	82.67
100%	110%	28,007,747	10.17	95	10.80	3.32	29.12	91.84
110%	120%	214,644,240	77.90	672	76.36	3.37	29.25	101.07
120%	130%	10,527,858	3.82	34	3.86	3.36	29.57	102.85
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	113.93
Minimum	29.12
Maximum	121.94

### 11a. Original Loan to Original Market Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	173,613	0.06	2	0.23	2.71	24.82	36.67
40%	50%	343,331	0.12	3	0.34	3.07	29.30	47.74
50%	60%	475,240	0.17	3	0.34	2.80	27.73	53.11
60%	70%	808,717	0.29	4	0.45	3.00	26.25	67.99
70%	80%	7,059,094	2.56	23	2.61	3.03	28.92	77.09
80%	90%	21,526,063	7.81	71	8.07	3.16	29.03	85.31
90%	100%	57,500,110	20.87	187	21.25	3.32	29.04	96.62
100%	110%	187,538,537	68.07	586	66.59	3.39	29.32	101.70
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	99.18
Minimum	25.00
Maximum	105.73

## 12a. Current Loan to Original Market Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	173,613	0.06	2	0.23	2.71	24.82	36.67
40%	50%	530,510	0.19	4	0.45	2.89	27.70	48.51
50%	60%	288,062	0.10	2	0.23	2.95	29.66	55.19
60%	70%	1,000,600	0.36	5	0.57	2.98	26.75	68.33
70%	80%	8,582,000	3.11	29	3.30	3.06	28.62	77.35
80%	90%	20,882,305	7.58	67	7.61	3.16	29.07	86.08
90%	100%	65,114,496	23.63	210	23.86	3.33	29.05	96.88
100%	110%	178,853,119	64.91	560	63.64	3.39	29.34	101.90
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	98.41
Minimum	25.00
Maximum	105.27

## 13a. Current Loan to Indexed Market Value (Non NHG)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
20%	30%	100,000	0.04	1	0.11	3.10	29.67	25.00
30%	40%	173,613	0.06	2	0.23	2.71	24.82	36.67
40%	50%	678,632	0.25	5	0.57	2.87	28.08	49.07
50%	60%	139,939	0.05	1	0.11	3.10	29.92	59.55
60%	70%	1,238,513	0.45	6	0.68	2.98	27.30	69.06
70%	80%	10,844,228	3.94	33	3.75	3.02	28.70	78.42
80%	90%	21,497,437	7.80	72	8.18	3.21	29.06	87.33
90%	100%	124,786,637	45.29	390	44.32	3.37	29.11	99.26
100%	110%	116,065,705	42.13	370	42.05	3.38	29.43	102.21
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	96.84
Minimum	24.76
Maximum	103.65



#### 14. Loanpart Coupon (interest rate bucket)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2.0%	2.5%	213,392	0.08	6	0.34	2.27	25.40	68.33
2.5%	3.0%	52,671,693	19.12	357	20.15	2.87	29.06	94.77
3.0%	3.5%	109,783,195	39.85	716	40.41	3.32	29.18	98.11
3.5%	4.0%	112,856,424	40.96	693	39.11	3.59	29.32	100.46
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	3.34
Minimum	2.19
Maximum	3.94

## 15a. Remaining Interest Rate Fixed Period

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
Floating		1,582,498	0.57	18	1.02	2.64	29.71
<	12 months	189,698	0.07	5	0.28	2.32	29.78
12 months	24 months	0	0.00	0	0.00	0.00	0.00
24 months	36 months	8,389	0.00	1	0.06	2.69	2.50
36 months	48 months	0	0.00	0	0.00	0.00	0.00
48 months	60 months	1,853,549	0.67	13	0.73	2.66	29.43
60 months	72 months	250,000	0.09	2	0.11	2.63	30.00
72 months	84 months	231,980	0.08	7	0.40	2.73	17.38
84 months	96 months	0	0.00	0	0.00	0.00	0.00
96 months	108 months	0	0.00	0	0.00	0.00	0.00
108 months	120 months	64,852,111	23.54	399	22.52	2.97	29.17
120 months	132 months	1,579,223	0.57	10	0.56	2.81	29.34
132 months	144 months	0	0.00	0	0.00	0.00	0.00
144 months	156 months	0	0.00	0	0.00	0.00	0.00
156 months	168 months	0	0.00	0	0.00	0.00	0.00
168 months	180 months	22,373,758	8.12	152	8.58	3.29	28.48
180 months	192 months	442,900	0.16	1	0.06	3.34	30.00
192 months	204 months	93,926	0.03	1	0.06	3.54	16.58
204 months	216 months	0	0.00	0	0.00	0.00	0.00
216 months	228 months	0	0.00	0	0.00	0.00	0.00
228 months	240 months	160,016,665	58.08	1,034	58.35	3.47	29.29
240 months	252 months	5,950,946	2.16	37	2.09	3.45	29.46
252 months	264 months	0	0.00	0	0.00	0.00	0.00
264 months	276 months	0	0.00	0	0.00	0.00	0.00
276 months	288 months	0	0.00	0	0.00	0.00	0.00
288 months	300 months	0	0.00	0	0.00	0.00	0.00
300 months	312 months	0	0.00	0	0.00	0.00	0.00
312 months	324 months	0	0.00	0	0.00	0.00	0.00
324 months	336 months	0	0.00	0	0.00	0.00	0.00
336 months	348 months	0	0.00	0	0.00	0.00	0.00
348 months	360 months	15,813,461	5.74	91	5.14	3.83	29.63
360 months	>	285,600	0.10	1	0.06	3.89	30.00
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>

Weighted Average	206.48
Minimum	5.00
Maximum	360.00

\* Summary stats only for Fixed rate Loans

## 15b. Original Fixed Interest Rate Period

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Floating		1,582,498	0.57	18	1.02	2.64	29.71	100.04
<	12 months	0	0.00	0	0.00	0.00	0.00	0.00
12 months	24 months	189,698	0.07	5	0.28	2.32	29.78	82.25
24 months	36 months	0	0.00	0	0.00	0.00	0.00	0.00
36 months	48 months	8,389	0.00	1	0.06	2.69	2.50	96.43
48 months	60 months	0	0.00	0	0.00	0.00	0.00	0.00
60 months	72 months	2,103,549	0.76	15	0.85	2.66	29.50	100.31
72 months	84 months	0	0.00	0	0.00	0.00	0.00	0.00
84 months	96 months	231,980	0.08	7	0.40	2.73	17.38	84.10
96 months	108 months	0	0.00	0	0.00	0.00	0.00	0.00
108 months	120 months	0	0.00	0	0.00	0.00	0.00	0.00
120 months	132 months	66,431,334	24.11	409	23.08	2.97	29.17	99.50
132 months	144 months	0	0.00	0	0.00	0.00	0.00	0.00
144 months	156 months	0	0.00	0	0.00	0.00	0.00	0.00
156 months	168 months	0	0.00	0	0.00	0.00	0.00	0.00
168 months	180 months	0	0.00	0	0.00	0.00	0.00	0.00
180 months	192 months	22,816,658	8.28	153	8.63	3.29	28.51	96.55
192 months	204 months	0	0.00	0	0.00	0.00	0.00	0.00
204 months	216 months	0	0.00	0	0.00	0.00	0.00	0.00
216 months	228 months	0	0.00	0	0.00	0.00	0.00	0.00
228 months	240 months	0	0.00	0	0.00	0.00	0.00	0.00
240 months	252 months	166,061,537	60.27	1,072	60.50	3.47	29.29	98.32
252 months	264 months	0	0.00	0	0.00	0.00	0.00	0.00
264 months	276 months	0	0.00	0	0.00	0.00	0.00	0.00
276 months	288 months	0	0.00	0	0.00	0.00	0.00	0.00
288 months	300 months	0	0.00	0	0.00	0.00	0.00	0.00
300 months	312 months	0	0.00	0	0.00	0.00	0.00	0.00
312 months	324 months	0	0.00	0	0.00	0.00	0.00	0.00
324 months	336 months	0	0.00	0	0.00	0.00	0.00	0.00
336 months	348 months	0	0.00	0	0.00	0.00	0.00	0.00
348 months	360 months	0	0.00	0	0.00	0.00	0.00	0.00
360 months	>	16,099,061	5.84	92	5.19	3.84	29.64	97.41
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Weighted Average	211.28
Minimum	12.00
Maximum	360.00

\* Summary stats only for Fixed rate Loans

## 16. Interest Payment Type

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Fixed	273,942,206	99.43	1,754	98.98	3.35	29.21	98.40
Floating	1,582,498	0.57	18	1.02	2.64	29.71	100.04
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 17. Property Description

Property	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
House	254,093,495	92.22	808	91.82	3.35	29.21	98.51
Apartment	21,136,236	7.67	71	8.07	3.20	29.20	97.22
Other	294,973	0.11	1	0.11	3.54	29.67	98.32
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 18. Geographical Distribution (by province)

Province	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Drenthe	4,603,306	1.67	17	1.93	3.40	29.54	92.57
Flevoland	5,074,157	1.84	17	1.93	3.29	29.25	100.17
Friesland	3,525,682	1.28	13	1.48	3.29	28.17	94.64
Gelderland	29,680,021	10.77	96	10.91	3.33	29.01	98.06
Groningen	4,505,951	1.64	16	1.82	3.29	29.24	100.11
Limburg	12,619,417	4.58	40	4.55	3.47	29.39	99.98
Noord-Brabant	54,766,925	19.88	182	20.68	3.37	29.25	98.70
Noord-Holland	49,650,465	18.02	146	16.59	3.27	29.29	97.81
Overijssel	16,854,322	6.12	56	6.36	3.34	29.28	99.19
Utrecht	24,272,039	8.81	74	8.41	3.29	29.33	98.24
Zeeland	4,155,311	1.51	14	1.59	3.36	28.90	97.90
Zuid-Holland	65,817,109	23.89	209	23.75	3.38	29.17	98.73
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 19. Geographical Distribution (by economic region)

Economic region	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NL111 – Oost-Groningen	613,476	0.22	3	0.34	3.37	29.40	95.50
NL112 – Delfzijl en omgeving	266,922	0.10	1	0.11	3.31	29.33	100.73
NL113 – Overig Groningen	3,625,553	1.32	12	1.36	3.28	29.21	100.85
NL121 – Noord-Friesland	1,953,754	0.71	7	0.80	3.41	28.71	97.40
NL122 – Zuidwest-Friesland	256,313	0.09	1	0.11	3.28	29.92	89.93
NL123 – Zuidoost-Friesland	1,315,615	0.48	5	0.57	3.11	27.01	91.47
NL131 – Noord-Drenthe	3,465,792	1.26	12	1.36	3.47	29.69	92.25
NL132 – Zuidoost-Drenthe	928,209	0.34	4	0.45	3.26	29.02	98.88
NL133 – Zuidwest-Drenthe	209,305	0.08	1	0.11	2.95	29.50	69.77
NL211 – Noord-Overijssel	7,908,721	2.87	26	2.95	3.32	29.26	99.46
NL212 – Zuidwest-Overijssel	3,617,804	1.31	11	1.25	3.42	29.57	97.94
NL213 – Twente	5,327,796	1.93	19	2.16	3.32	29.11	99.65
NL221 – Veluwe	13,109,461	4.76	41	4.66	3.37	29.41	98.93
NL224 – Zuidwest-Gelderland	2,763,553	1.00	9	1.02	3.22	28.02	99.92
NL225 – Achterhoek	6,392,426	2.32	22	2.50	3.27	28.71	94.40
NL226 – Arnhem/Nijmegen	7,414,580	2.69	24	2.73	3.38	28.94	98.98
NL230 – Flevoland	5,074,157	1.84	17	1.93	3.29	29.25	100.17
NL310 – Utrecht	24,272,039	8.81	74	8.41	3.29	29.33	98.24
NL321 – Kop van Noord-Holland	6,629,730	2.41	22	2.50	3.45	29.16	98.23
NL322 – Alkmaar en omgeving	4,017,616	1.46	14	1.59	3.40	29.38	96.83
NL323 – IJmond	2,560,008	0.93	8	0.91	3.36	29.30	99.77
NL324 – Agglomeratie Haarlem	8,959,134	3.25	23	2.61	3.31	29.25	97.86
NL325 – Zaanstreek	662,775	0.24	2	0.23	3.19	29.58	92.87
NL326 – Groot-Amsterdam	19,953,728	7.24	60	6.82	3.16	29.24	97.99
NL327 – Het Gooi en Vechtstreek	6,867,475	2.49	17	1.93	3.23	29.51	97.14
NL331 – Agglomeratie Leiden en Bollenstreek	7,655,675	2.78	24	2.73	3.47	29.53	98.75
NL332 – Agglomeratie 's-Gravenhage	11,185,506	4.06	35	3.98	3.41	28.79	99.44
NL333 – Delft en Westland	5,994,988	2.18	20	2.27	3.42	29.51	99.51
NL334 – Oost-Zuid-Holland	5,152,222	1.87	14	1.59	3.28	29.19	96.26
NL335 – Groot-Rijnmond	25,162,946	9.13	81	9.20	3.38	29.23	99.07
NL336 – Zuidoost-Zuid-Holland	10,665,771	3.87	35	3.98	3.34	28.94	97.89
NL341 – Zeeuwsch-Vlaanderen	1,589,089	0.58	5	0.57	3.39	28.52	96.87
NL342 – Overig Zeeland	2,566,222	0.93	9	1.02	3.33	29.13	98.54
NL411 – West-Noord-Brabant	16,035,260	5.82	51	5.80	3.35	29.31	98.03
NL412 – Midden-Noord-Brabant	9,102,203	3.30	33	3.75	3.34	29.15	98.66
NL413 – Noordoost-Noord-Brabant	13,510,000	4.90	46	5.23	3.38	29.17	99.19
NL414 – Zuidoost-Noord-Brabant	16,119,462	5.85	52	5.91	3.39	29.30	98.96
NL421 – Noord-Limburg	3,086,153	1.12	10	1.14	3.38	29.56	100.29
NL422 – Midden-Limburg	5,325,282	1.93	17	1.93	3.52	29.32	100.57
NL423 – Zuid-Limburg	4,207,982	1.53	13	1.48	3.47	29.36	99.01
<b>Total</b>	<b>275,524,704</b>	<b>100</b>	<b>880</b>	<b>100</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 20. Construction Deposits (as percentage of net principal outstanding amount)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
	0%	234,771,907	85.21	760	86.36	3.34	29.17	98.10
0%	10%	39,154,357	14.21	115	13.07	3.34	29.41	100.20
10%	20%	1,598,440	0.58	5	0.57	3.44	29.77	99.16
<b>Total</b>		<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

Average	0.46
Minimum	0.00
Maximum	12.87

## 21. Occupancy

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Owner Occupied	275,524,704	100.00	880	100.00	3.34	29.21	98.41
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 22. Employment Status Borrower

Province	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Employed	262,518,403	95.28	835	94.89	3.35	29.22	98.81
Self Employed	7,141,191	2.59	22	2.50	3.10	29.06	86.36
Unemployed	0	0.00	0	0.00	0.00	0.00	0.00
Other	5,865,111	2.13	23	2.61	3.32	29.09	95.04
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>880</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 23. Loan to Income

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
1.0	1.5	100,000	0.04	1	0.11	3.10	29.67	25.00
1.5	2.0	2,071,671	0.75	9	1.02	3.20	27.78	83.51
2.0	2.5	4,470,858	1.62	18	2.05	3.17	27.64	89.34
2.5	3.0	18,363,039	6.66	65	7.39	3.28	28.13	95.70
3.0	3.5	42,530,441	15.44	141	16.02	3.36	29.17	98.46
3.5	4.0	68,212,283	24.76	220	25.00	3.37	29.13	98.68
4.0	4.5	87,259,312	31.67	283	32.16	3.37	29.43	99.33
4.5	5.0	44,737,444	16.24	126	14.32	3.29	29.56	98.65
5.0	5.5	7,779,657	2.82	17	1.93	3.26	29.46	100.55
Total		275,524,704	100.00	880	100.00	3.34	29.21	98.41

Weighted Average	3.92
Minimum	1.13
Maximum	5.35

## 24. Debt Service to Income

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	5%	100,000	0.04	1	0.11	3.10	29.67	25.00
5%	10%	3,003,879	1.09	14	1.59	2.98	28.79	80.38
10%	15%	30,600,645	11.11	106	12.05	3.19	28.92	93.71
15%	20%	133,765,483	48.55	424	48.18	3.33	29.22	98.79
20%	25%	98,872,266	35.89	308	35.00	3.42	29.27	99.74
25%	30%	8,414,253	3.05	25	2.84	3.36	29.57	100.77
30%	35%	768,179	0.28	2	0.23	3.50	29.68	101.75
Total		275,524,704	100.00	880	100.00	3.34	29.21	98.41

Weighted Average	18.99
Minimum	3.51
Maximum	33.35

## 25. Loanpart Payment Frequency

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Monthly	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
Total	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41

## 26. Guarantee Type (NHG / Non NHG)

Description	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Non NHG Loans	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 27. Originator

Originator	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Dynamic Credit Woninghypotheek B.V.	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 28. Servicer

Servicer	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Quion	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>

## 29. Capital Insurance Policy Provider

Insurance Policy Provider	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
No policy attached	275,524,704	100.00	1,772	100.00	3.34	29.21	98.41
<b>Total</b>	<b>275,524,704</b>	<b>100.00</b>	<b>1,772</b>	<b>100.00</b>	<b>3.34</b>	<b>29.21</b>	<b>98.41</b>



## Historical arrears in total origination

### Historical Arrears in Total Origination by Outstanding Balance

Date	Outstanding Balance	Performing Balance	0-30 Days in Arrears	30-60 Days in Arrears
2015Q3	26,508,511	26,508,511	0	0
2015Q4	148,733,576	148,733,576	0	0
2016Q1	238,919,405	238,919,405	0	0
2016 May	280,097,064	279,835,697	261,367	0

Date	Performing Balance	0-30 Days in Arrears	30-60 Days in Arrears
2015Q3	100.00%	-	-
2015Q4	100.00%	-	-
2016Q1	100.00%	-	-
2016 May	99.91%	0.09%	-

Date	60-90 Days in Arrears	90-120 Days in Arrears	120+ Days in Arrears	Total balance in Arrears
2015Q3	0	0	0	0
2015Q4	0	0	0	0
2016Q1	0	0	0	0
2016 May	0	0	0	261,367

Date	60-90 Days in Arrears	90-120 Days in Arrears	120+ Days in Arrears	Total balance in Arrears
2015Q3	-	-	-	-
2015Q4	-	-	-	-
2016Q1	-	-	-	-
2016 May	-	-	-	0.09%

## Historical Arrears in Total Origination by Number of Loans

Date	Outstanding Balance	Performing Balance	0-30 Days in Arrears	30-60 Days in Arrears
2015Q3	83	83	0	0
2015Q4	473	473	0	0
2016Q1	759	759	0	0
2016 May	894	893	1	0

Date	Performing Balance	0-30 Days in Arrears	30-60 Days in Arrears
2015Q3	100.00%	-	-
2015Q4	100.00%	-	-
2016Q1	100.00%	-	-
2016 May	99.89%	0.11%	-

Date	60-90 Days in Arrears	90-120 Days in Arrears	120+ Days in Arrears	Total balance in Arrears
2015Q3	0	0	0	0
2015Q4	0	0	0	0
2016Q1	0	0	0	0
2016 May	0	0	0	1

Date	60-90 Days in Arrears	90-120 Days in Arrears	120+ Days in Arrears	Total balance in Arrears
2015Q3	-	-	-	-
2015Q4	-	-	-	-
2016Q1	-	-	-	-
2016 May	-	-	-	0.11%

## Weighted average life

The weighted average lives of the Notes will be influenced by, among other things, the actual rates of repayment and prepayment of the Mortgage Loans. The weighted average lives of the Notes cannot be stated, as the actual rates of repayment and prepayment of the Mortgage Loans and a number of other relevant factors are unknown.

However, calculations of the possible weighted average lives of the Notes can be made based on certain assumptions. The model used for the Mortgage Loans represents an assumed CPR de-annualized for each month relative to the then principal balance of a pool of mortgage loans outstanding at the beginning of such month. CPR does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgage Loans.

The following table was prepared based on the characteristics of the Mortgage Loans and the following additional assumptions:

- (a) the Majority RS Noteholder exercises the Portfolio Call Option or the Remarketing Call Option redeeming the Floating Rate Notes on the First Optional Redemption Date, in the first scenario described in the tables or the Majority RS Noteholder does not exercise the Portfolio Call Option or the Remarketing Call Option in the second scenario described in the tables;
- (b) the Mortgage Loans are subject to a CPR of between 0 per cent. and 15 per cent. per annum as shown in the following tables;
- (c) there is no redemption of the Notes for tax reasons;
- (d) the Mortgage Loans continue to be fully performing and there are no arrears or foreclosures, i.e. no Realised Losses;
- (e) no Mortgage Receivable is sold by the Issuer;
- (f) there is no debit balance on the Principal Deficiency Ledger on any Notes Payment Date;
- (g) the Seller is not in breach of the terms of the Mortgage Receivables Purchase Agreement;
- (h) no Mortgage Receivable is required to be repurchased by the Seller;
- (i) the Further Advance and Unsold Property Portable Mortgage Account is fully replenished on an ongoing basis, but no New Ported Mortgage Receivables or Further Advance Receivables are purchased;
- (j) Linear Mortgage Receivables have been modelled according to an annuity redemption profile;
- (k) at the Closing Date, the Class A Notes represent approximately 90.82% of the Floating Rate Notes;
- (l) at the Closing Date, the Class B Notes represent approximately 2.50% of the Floating Rate Notes;
- (m) at the Closing Date, the Class C Notes represent approximately 2.43% of the Floating Rate Notes;
- (n) at the Closing Date, the Class D Notes represent approximately 1.34% of the Floating Rate Notes;
- (o) at the Closing Date, the Class E Notes represent approximately 1.60% of the Floating Rate Notes;

- (p) at the Closing Date, the Class F Notes represent approximately 1.31% of the Floating Rate Notes;
- (q) at the Closing Date, the Class RS Notes are issued with a Principal Amount of EUR 20,000,000;
- (r) the Notes are issued on the Closing Date and all payments on the Notes are received on the 28th day of January, April, July and October commencing from January 2017;
- (s) Euribor remains constant at 0.0%;
- (t) the Swap Fixed Rate remains constant at 1.7141%;
- (u) the Final Maturity Date of the Notes is the Notes Payment Date falling in January 2049;
- (v) the weighted average lives have been calculated on an actual/360 basis;
- (w) the weighted average lives have been modelled on the Outstanding Principal Amount of the Mortgage Loans including any Construction Deposits (i.e. it is assumed that the Construction Deposits are drawn on Cut-Off Date);
- (x) Mortgage Loans which are repaid in full are assumed to be repaid on the last day of the Mortgage Calculation Period;
- (y) the Notes will be redeemed in accordance with the Conditions;
- (z) no Security has been enforced;
- (aa) the assets of the Issuer are not sold by the Security Trustee except as may be necessary to enable the Class RS Noteholders to realise sufficient funds to exercise its option to redeem the Floating Rate Notes;
- (bb) no Enforcement Notice has been served and no Event of Default has occurred;
- (cc) no Mortgage Loan has or will be in breach of any Mortgage Loan Criterion; and
- (dd) the Pool of Mortgage Loans (described above) as of the Cut-Off Date will be purchased by the Issuer on the Closing Date.

The actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions.

The following table is hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment or loss experience, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage CPR.

## Weighted Average Life

CPR		Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date
		Possible Average Life of the Class A Notes (years)	Possible Average Life of the Class A Notes (years)	Possible Average Life of the Class B Notes (years)	Possible Average Life of the Class B Notes (years)	Possible Average Life of the Class C Notes (years)	Possible Average Life of the Class C Notes (years)	Possible Average Life of the Class D Notes (years)
	0%	4.8	19.8	5.0	29.9	5.0	29.9	5.0
	2.5%	4.5	13.9	5.0	29.7	5.0	29.8	5.0
	5%	4.2	10.0	5.0	27.9	5.0	29.4	5.0
	10%	3.6	5.9	5.0	18.7	5.0	20.8	5.0
	15%	3.0	4.0	5.0	13.3	5.0	14.8	5.0

CPR		Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date	Assuming Call on First Optional Redemption Date	Assuming no Call on First Optional Redemption Date
		Possible Average Life of the Class D Notes (years)	Possible Average Life of the Class E Notes (years)	Possible Average Life of the Class E Notes (years)	Possible Average Life of the Class F Notes (years)	Possible Average Life of the Class F Notes (years)	Possible Average Life of the Class RS Notes (years)	Possible Average Life of the Class RS Notes (years)
	0%	29.9	5.0	30.0	5.0	30.1	3.2	10.0
	2.5%	29.9	5.0	29.9	5.0	29.9	3.2	9.6
	5%	29.7	5.0	29.8	5.0	29.9	3.2	10.1
	10%	23.0	5.0	25.5	5.0	29.0	3.2	9.5
	15%	16.6	5.0	18.7	5.0	22.5	3.2	8.2

## 6.2 Description of Mortgage Loans

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan part (*leningdelen*), the aggregate of such loan parts) are secured by a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgage right, evidenced by notarial mortgage deeds. The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising from them are governed by Dutch law. The Mortgage Loans may have a floating rate of interest or a fixed rate of interest. If any Mortgage Loan has a fixed rate of interest, the terms and conditions of that Mortgage Loan provide that the interest rate applicable to that Mortgage Loan shall be reset from time to time. For the purpose of any reset, the Borrower will be offered a new interest rate in respect of its Mortgage Loan in accordance with the interest rate reset procedure more particularly described in Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*) of this Prospectus.

### Mortgage Loan Types

The Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of any of the following types of redemption:

- (a) Linear Mortgage Loans (*lineaire hypotheek*);
- (b) Annuity Mortgage Loans (*annuïteitenhypotheek*);
- (c) Interest-only Mortgage Loans (*aflossingsvrije hypotheek*); and
- (d) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

Mortgage Loan Type	Description
<b>Linear Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each installment, 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>Annuity Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Annuity Mortgage Loans. Under an 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>Interest-only Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of 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. Interest is payable monthly and is calculated on the Outstanding Principal Amount of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination, although four Mortgage Loans in the pool with an aggregate Principal Amount Outstanding of Loan Parts that exceeded the 50 per cent.

Market Value in an amount equal to EUR 729,764 as at the Cut-Off Date have been granted.

## **Mortgage Loan Features**

### ***Construction Deposits***

The Mortgage Loans (including Further Advances and New Ported Mortgage Loans) may have associated Construction Deposits, whereby part of the Mortgage Loan is withheld by the Seller and will only be disbursed by the Seller at a later date, subject to satisfaction of certain conditions, so that the Borrower can apply the proceeds towards construction of, or improvements to, the Mortgaged Asset relating to the Mortgage Loan. A disbursement from the Construction Deposit will only be made against delivery of invoices and other relevant documentation satisfactory to the Seller. The Seller will disburse the Construction Deposit to the relevant Borrower within nine months. The period in which the Construction Deposit may be drawn by a Borrower may be extended by agreement between the Borrower and the Seller beyond the prescribed nine month period, for a period of six months, but only in limited circumstances, including among other things, delays to construction due to adverse weather conditions, for medical reasons, limited capacity of the construction company and delays in obtaining building permits. A Borrower will receive interest in respect of the Construction Deposit during the initial nine month period. However, during any period of extension, the Borrower will not receive any interest in respect of the Construction Deposit.

After the agreed term for disbursement of the Construction Deposit has expired the amount of the Construction Deposit shall be set-off against the outstanding principal and interest due on the Mortgage Loan, and the Outstanding Principal Amount of the Mortgage Loan shall be reduced accordingly.

### ***Further Advances***

A Borrower may ask the Seller to grant a Further Advance, which is a loan to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage or by a second or sequentially lower priority Mortgage as the loan previously disbursed under the Mortgage Loan. The Seller will consider such request for a Further Advance against the then applicable acceptance criteria. A Further Advance may carry a different interest rate compared to the original Mortgage Loan and may also have a different maturity. Otherwise, the same Mortgage Conditions apply to a Further Advance. Further Advances include: (a) further advances made under a Mortgage Loan which will be secured by the same Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoogde inschrijving*), (b) further advances made under a Mortgage Loan which will be secured by a second or sequentially lower priority Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoging*) or (c) a withdrawal of moneys which were previously repaid to redeem the Mortgage Loan (*heropname*).

### ***Portable Mortgage Loans***

The Seller may in the future offer to the Borrowers of the Mortgage Loans of which the resulting Mortgage Receivables are purchased by the Issuer, the flexibility to “port” their existing Mortgage Loan to a new property. Once this optionality is granted the portability feature can be exercised by a Borrower in two different manners, depending on whether (i) the Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset or (ii) the Borrower has not sold its Old Mortgaged Asset yet prior to the purchase of its New Mortgaged Asset, in which case the Borrower must sell its Old Mortgaged Asset within a period of up to twelve months of its purchase of the New Mortgaged Asset.

The Seller considers a request for a New Ported Mortgage Loan against the then applicable acceptance criteria and the then applicable Mortgage Conditions shall apply.

For the avoidance of doubt, this feature is currently not offered to Borrowers by the Seller and as of the date hereof the Pool does not contain any Portable Mortgage Loans.

If the Borrower relating to any Mortgage Loan wishes to exercise the portability feature whereby the Old Mortgaged Asset is sold prior to the purchase of the New Mortgaged Asset, it will be required to notify the Servicer of its intention to redeem the Mortgage Loan and its intention to take out a New Ported Mortgage Loan prior to the redemption of that Mortgage Loan (which coincides with the sale of the Old Mortgaged Asset). The sale of the Old Mortgaged Asset and the purchase of the New Mortgaged Asset in respect of the Mortgage Loan will have to be executed within a period of no more than six months of each other.

For Portable Mortgage Receivables whereby the New Mortgaged Asset is purchased prior to sale of the Old Mortgaged Asset being exercised, the Borrower will be required to notify the Servicer of its intention to take out a New Ported Mortgage Loan. The purchase of the New Mortgaged Asset and the sale of the Old Mortgaged Asset have to be executed within a period of up to twelve months of each other. Therefore, the Borrower may have two Mortgage Loans outstanding with the Seller, in each case secured against separate Mortgaged Assets.



## 6.3 Origination and Servicing

### Origination

The Mortgage Loans have been granted to Borrowers by the Seller. The business activities of the Seller are performed through its agents, including the origination of mortgage loans.

All Mortgage Loans are originated, administered and serviced on behalf of the Seller by Quion Services B.V. (a 100 per cent. subsidiary of Quion Groep B.V., referred to as **Quion**) in its capacity as Elan Servicer. The Mortgage Loans are originated under the Elan Hypotheek brand, a sub-label of Quion label Hypotrust. Whilst Elan Hypotheek is a relatively new origination label, the origination and marketing is built on the systems and processes of Quion & Hypotrust. The Elan Servicer provides collection and other services to and on behalf of the Seller on a day-to-day basis in relation to the Mortgage Loans. The duties of the Elan Servicer include the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including the enforcement of the Mortgages.

### *Underwriting criteria*

The underwriting criteria for mortgage loans have been set by the Seller, in consultation with Quion and with the approval of the Elan Lender. The underwriting criteria take into account, among other things, the following factors:

- (i) borrower credit history (credit bureau information or *BKR coding*);
- (ii) borrower and intermediary fraud check (screening of relevant sanctions lists and fraud databases);
- (iii) borrower income;
- (iv) borrower type of employment: temporary or permanent employment, self-employment;
- (v) the borrower's maximum permissible debt service to income ratio as determined by regulations;
- (vi) loan-to-value limitations both based on regulations and borrower and loan characteristics;
- (vii) loan purpose and property type; and
- (viii) property valuations.

The Seller's underwriting criteria are consistent with the Code of Conduct, the Wft and the Ministerial Regulation on Mortgage Credit (*tijdelijke regeling hypotheekair krediet*). The underwriting criteria are frequently reviewed by the Elan Servicer and the Elan Portfolio Manager. Reasons for changing the criteria may include changes to rules, laws and regulation, or feedback and observations from the Elan Servicer, the Elan Portfolio Manager or the Third Party Due Diligence Provider.

The underwriting criteria are applied by the Elan Servicer, on behalf of the Seller, in respect of each mortgage loan which is originated by the Seller and each further advance granted in respect of such mortgage loan. The Elan Portfolio Manager analyses declined applications in its credit committee, which operates in line with credit committee charter. Proposals for potential adjustments or clarifications to underwriting criteria are subject to consultation with the Elan Lender. Where applicable, clarifications and adjustments are provided to the Elan Servicer in the form of an instruction from the Elan Portfolio Manager.

Based on the instruction the Elan Servicer updates the underwriter working instructions and/or the underwriting criteria.

### *Interest Rate Setting and Re-Setting*

With respect to the procedure that applies to interest rate setting and re-setting for the Mortgage Loans reference is made to Section 7.5 (*Interest rate reset in respect of Mortgage Receivables*) of this Prospectus.

### *Origination process*

All mortgage loan origination is made through selected professional intermediaries (including independent financial advisors and intermediary chains such as De Hypotheker, one of the largest chains of intermediaries in the Netherlands owned by De Blauwtrust Groep B.V.). All selected intermediaries have to be licensed according to the Wft.

The origination process starts when a borrower opts for the Seller's mortgage product as advised by an intermediary. The intermediary has available the relevant mortgage loan product brochure, as well as a manual outlining the mortgage loan lending criteria and conditions and application forms. Intermediaries collect data from the prospective borrower which they then analyse and advise upon. In principle, intermediaries make use of mortgage loan application software enabling them to make all necessary calculations, check the mortgage loan criteria and send the application electronically, via the mortgage data network (HDN), to Quion Hypotheekbemiddeling B.V. Alternatively, an application could also be faxed to Quion Hypotheekbemiddeling B.V. after which it is converted to digital format. The activities are provided in a completely automated and paperless digital format.

If the application complies with all underwriting conditions, Quion Hypotheekbemiddeling B.V. will send the borrower a mortgage loan offer via the intermediary. The borrower must accept, sign and return the offer within 3 weeks. The mortgage loan offer will be valid for 4 months, calculated from the date of sending the mortgage loan offer to the borrower, and granting the mortgage loan is subject to receipt and approval of all required documents and final internal and external approval. A maximum offer period extension of 2 months after the initial offer period of 4 months is possible at no cost to the borrower.

As soon as Quion Hypotheekbemiddeling B.V. receives the signed application, the mortgage loan origination and servicing system of Quion (**QSP**) automatically processes the application and performs checks on compliance with underwriting criteria, potential fraud based on a score of fraud indicators and Dutch fraud registry database (**SFH**) as well as borrower credit history. Quion's mortgage loan processing department processes all relevant documents with QSP. When all documents have been received and approved by Quion, a senior underwriter reviews the file for final internal approval. An alert of Quion's final approval is then electronically provided to Clayton Euro Risk Ltd. (the **Third Party Due Diligence Provider**) through access to Quion's QSP system for review. The Third Party Due Diligence provider conducts its so-called pre-final approval check, which consists of a checklist of approximately 70 items covering various aspects of the mortgage offer and the borrower's application documentation. The Third Party Due Diligence Provider ascertains that all points on the list have been met and affirms Quion's final approval. Subsequently, Quion sends a mortgage approval notification to the intermediary, who then informs the applicant. Thereafter, all relevant data are recorded in the administration system of Quion (QSP). Quion informs the civil law notary, who confirms the date of closing to Quion. The money is transferred from the account of the Seller to the civil law notary who temporarily places the money in a segregated account. The civil law notary is responsible for the execution of the mortgage deed, after which all executed mortgage and related documents are sent to Quion.

In addition to the pre-final approval check, the Third Party Due Diligence provider also conducts a full re-underwrite of the mortgage file in two stages (Stage 1 Re-Underwrite and Stage 2 Re-Underwrite) for the

benefit of the Seller and the Elan Lender. During the first stage, all checks that can be conducted before the execution of the mortgage are completed. The second stage of the full re-underwrite encompasses the final checks with regards to the signed mortgage contract and registration / security documents. While an approved offer to the borrower may not be rescinded, the full re-underwrite ensures that the mortgage loans have been originated in accordance with the underwriting criteria and duly executed.

### *Collections*

Quion has been authorised by the borrower, to draw the amounts due from the borrower's bank account through direct debit directly into the Collection Foundation Account. The computer system of Quion requests for payment on the day before the first Business Day of each month and the payment is collected on the first Business Day of each month in arrear. Certain payments information is monitored daily by the mortgage servicing department of Quion.

The mortgage loan related to a payment must be recognised in order to allocate it to the relevant mortgage loan. Quion has business rules in place to automate this process, like the loan number in the description of the payment or the bank account number of the relevant borrower. A direct debit payment will always be linked to the appropriate mortgage loan. However, if the system does not recognise the borrower, the payment is allocated manually to a mortgage loan. If a borrower has multiple mortgage loans, the mortgage loan with the oldest arrears is chosen.

The payment is allocated within the mortgage loan in the following priority:

- towards satisfaction the most senior outstanding amounts based on due date;
- if the outstanding amounts are due the same date, towards satisfaction of (i) any charges, (ii) penalties, (iii) interest, (iv) savings premium (if any) and then (v) principal;
- if, within a category, there are amounts outstanding on multiple mortgage loan parts, then first towards satisfaction of amount due on mortgage loan part 1, then mortgage loan part 2, then mortgage loan part 3 etc.

### *IT and business continuity*

The Issuer and the Security Trustee shall enter into the Quion Business Continuity Agreement with Quion Business Continuity B.V. (**QBC**), Quion Groep B.V. and Quion Services B.V.

The Quion Business Continuity Agreement stipulates, among other things that:

- QBC is both owner and user of the system hardware and has a licence to use the production apparatus software or has obtained appropriate user rights from a licensing organisation;
- the production apparatus will at all times comprise two or more environments (on the one hand a production environment and on the other hand a development and test environment) that are capable of operating independently. At least one environment will always be located at a third-party site;
- discontinuity on the part of Quion Groep B.V. will not affect the continuity of QBC – and therefore of the production apparatus and the data;
- QBC will be making the production apparatus available to Quion Groep B.V., so that Quion Services B.V. will be in a position to adhere to the relevant servicing agreement;

- the service continuity will only be threatened if Quion Groep B.V. ceases its activities or is declared insolvent. In that case, QBC will continue providing the service itself, using the production apparatus and the data. If Quion Services B.V. is declared insolvent, Quion Groep B.V. itself and in agreement with QBC will ensure continuity of the services provided; and
- During the continuity period, QBC will make the production apparatus and the relevant data available on the terms and conditions stated in the relevant servicing agreement.

## **Arrears management**

### *Introduction*

The framework for the arrears management process includes:

- (i) Prompt client contact after a missed payment;
- (ii) Focus on client relation;
- (iii) Strict and firm follow up;
- (iv) Use all means of communication and contact;
- (v) Use personal visits and budget counselling; and
- (vi) Secure collateral.

The purpose of the framework is to collect unpaid amounts from borrowers with a focus on problem analysis in the early stage of arrears, realization of a long term solution for the borrower in the stage of late arrears and maximising the amount collected from the borrower.

### *Daily process*

In case of arrears, two Business Days after the arrears have come into existence, the Elan Servicer (on behalf of the Seller) will send a letter to the borrower to remind the borrower of the payment due. Furthermore, within 8 Business Days after the arrears have come into existence, the Elan Servicer (on behalf of the Seller) will send a formal collection letter, including a warning on a possible negative BKR registration. The tone of voice of the letter is adjusted to reflect whether the borrower is in arrears for the first-time or a recidivist.

Within 30 days, the Elan Servicer will attempt to contact the borrower, who is asked whether he/she is aware of the unpaid amount. Quion's objective is to identify the cause of the arrears. After this service call, the Elan Servicer will make an initial assessment on whether the arrears are structural (i.e. due to unemployment or divorce) or not. In case the borrower indicates immediate payment of unpaid amount is not possible, a payment arrangement will be made. If the borrower does not honour to previously made payment arrangements, the Elan Servicer will call the borrower within three Business Days to inform them of the consequences of non-payment.

If the borrower does not answer the Elan Servicer's calls, the Elan Servicer will try to contact the borrower by repeatedly making service calls and sending letters, e-mails and text messages. In addition, Quion will call the intermediary who originated the mortgage and use other means to get in contact with the borrower.

On or around 30 days after the arrears occur, the Elan Servicer will assess the borrower's situation to understand whether there are special circumstances, such as recent unemployment or divorce. Following such assessment, the Elan Servicer will attempt to maintain contact with the borrower, to gather information

about his or her personal and economic situation and to agree a payment scheme or any other payment treatment which the Elan Servicer deems fit for borrower and acceptable to the Seller. The Elan Servicer will aim to preserve the ownership of the property by the borrower.

When, 30 days after the arrears occur, the arrears amount has not been paid, the Elan Servicer has the opportunity to appoint a bailiff for the duration of 30 days. If after this period, no payments or payment arrangements have been made, the Elan Servicer will close the case at the bailiff and will implement any further action through its servicing department.

During this period (and up to 90 days after the arrears came into existence), the Elan Servicer can visit the borrower at the property if the borrower does not honour previously made payment agreements, does not fully cooperate and/or does not answer to attempts to contact him or her.

60 days after the arrears occur, the borrower is requested to sign a deed of transfer for part of the income from employment to reduce the amount in arrears. In addition the borrower will be requested to grant a power of attorney to the Elan Servicer for a private sale of the property. The purpose of these actions is to ensure that payment arrangements are honoured and to minimize the chance that a public sale becomes necessary. The Elan Servicer will also discuss and determine a minimum price and conditions for accepting an offer on the property with the Seller.

If up to 90 days after the arrears occur, the borrower does not cooperate with a deed of transfer for a part of the income from employment, the Elan Servicer can appoint a bailiff to obtain wage garnishing and seize part of the borrower's income directly from the employer.

90 days after the arrears occur, and if instructed by the Seller, the Elan Servicer can appoint a budget coach who will provide guidance to the borrower on the management of personal finances.

120 days after the arrears occur, the Elan Servicer will inform the BKR of the arrears. If the total amount in arrears is repaid, the BKR will be informed of the repayment.

If preservation of ownership by the borrower is no longer feasible and a sale of the property is inevitable, the Elan Servicer will assist with the sale of the property. The Elan Servicer can only progress with a sale of the property after the Seller has agreed upon the terms and conditions of the sale. In addition, the Elan Servicer will have a real estate agent value the property and estimate the time required for the sale. The real estate agent will inform the Elan Servicer weekly on progress made. All offers will be assessed with regards to the agreed terms and conditions between the Seller and the Elan Servicer, or the Seller will be asked to provide their approval. In case the power of attorney has not been granted and/or a private sale of the property appears not to be feasible, the property will be sold by public auction. The Elan Servicer will lead and observe both the public and the private sale of the property.

### *Foreclosures*

As a first ranking mortgage holder, the Seller has an 'executorial title' (*executoriale titel*) and therefore does not have to obtain permission from the court prior to foreclosure if the Borrower fails to fulfil his/her obligations and no other solutions are reached. 60 days after the arrears occur, the Servicer can, on behalf of the Seller, sell the property either through a public sale (auction) or private sale (where it has been provided with a mandate by the Borrower). If the proceeds do not fully cover the Seller's claims, the outstanding amount still has to be paid by the Borrower.

### *Public sale (auction)*

Conditional upon the agreement of the Seller, the notary will be instructed and the property will be valued to determine the possible proceeds of the sale. The borrower and other stakeholders need to be informed on the

upcoming auction and expected proceeds of the property. A notary will also inform the borrower on the auction date and (an) advertisement(s) announcing the public sale will be published. A full repayment of the outstanding amounts in arrears will allow the borrower to cancel the auction. Offers on the property preceding the auction will be sent to the Portfolio Manager who can decide to accept or reject the offer. After the public sale, the Elan Servicer will administer the proceeds and inform the Seller.

#### *Outstanding Amounts*

If amounts are still outstanding after the sale of the property has been completed and any other collateral has been executed and beneficiary rights have been exercised, the Servicer, on behalf of the Seller, will notify the Borrower of their residual debt, as they will remain liable for the repayment of this amount.

As a result, the Elan Servicer continues to manage the remaining claims if it considers it likely that it will be able to recover such losses. If possible, a settlement agreement will be entered into between the Borrower and the Servicer, on behalf of the Seller. If the Borrower does not comply with the settlement agreement or does not wish to cooperate on finding a solution to repay the unpaid amounts, other measures can be taken, such as attachments on assets and/or (future) income of the debtor.

## 6.4 Dutch Residential Mortgage Market

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures such as mortgage loans with deferred principal repayment vehicles and interest-only mortgage loans, financial deregulation and increased competition among originators. Moreover, Loan-to-Value (LTV) ratios have been relatively high, as the Dutch tax system implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. The mortgage debt growth continued until Q3 2012, when total Dutch mortgage debt stock peaked at EUR 672 billion<sup>3</sup>. The correction on the housing market caused a modest decline in mortgage debt in subsequent years, but as the market has been recovering rapidly since 2013, there is recently again a tendency to higher debt growth visible. In Q1 2016, the mortgage debt stock of Dutch households equalled EUR 658 billion<sup>4</sup>. This represents a rise of EUR 6.6 billion compared to Q1 2015 and follows two years of a slight fall.

### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for almost full deductibility of mortgage interest payments from taxable income. This tax system has been around for a very long time, but financial innovation has resulted in a greater leverage of this tax benefit. From the 1990s onwards until 2001, this tax deductibility was unconditional. In 2001 and 2004, several conditions have been introduced to limit the usage of tax deductibility, including a restriction of tax deductibility to (mortgage interest payments for) the borrower's primary residence and a limited duration of the deductibility of 30 years.

A further reform of the tax system was enforced on 1 January 2013. Since this date, all new mortgage loans have to be repaid in full in 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure, has to meet the mandatory full redemption standards to allow for tax deductibility.

Another reform imposed in 2013 to reduce the tax deductibility is to lower the maximum deduction percentage. This used to be equal to the highest marginal tax bracket (52 per cent.), but since 2013 the maximum deduction is lowered by 0.5 per cent. per annum to 38.0 per cent. in 2042 (2016: 50.5 per cent.).

There are several housing-related taxes which are linked to the fiscal appraisal value ("WOZ") of the house, both imposed on national and local level. Moreover, a transfer tax (stamp duty) of 2 per cent. is applied when a house changes hands. Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans is still substantial.

### *Loan products*

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

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<sup>3</sup> Statistics Netherlands, household data.

<sup>4</sup> Statistics Netherlands, household data.

Firstly, the “classical” Dutch mortgage product is an annuity loan. Annuity mortgage loans used to be the norm until the beginning of the 1990s, but they have returned as the most popular mortgage product in recent years. Reason for this return of annuity mortgage loans is the tax system. Since 2013, tax deductibility of interest payments on new loans is conditional on full amortisation of the loan within 30 years, for which only (full) annuity and linear mortgage loans qualify.

Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan origination.

Thirdly, there is still a big stock of mortgage products including deferred principal repayment vehicles. In such products, capital is accumulated over time (in a tax-friendly manner) in a linked account in order to take care of a bullet principal repayment at maturity of the loan. The principal repayment vehicle is either an insurance product or a bank savings account. The latter structure has been allowed from 2008 and was very popular until 2013. Mortgage loan products with insurance-linked principal repayment vehicles used to be the norm prior to 2008 and there is a wide range of products present in this segment of the market. Most structures combine a life-insurance product with capital accumulation and can be relatively complex. In general, however, the capital accumulation either occurs through a savings-like product (with guaranteed returns), or an investment-based product (with non-guaranteed returns).

A typical Dutch mortgage loan consists of multiple loan parts, e.g. a bank savings loan part that is combined with an interest-only loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between 5 and 15 years. Rate term fixings differ by vintage, however. More recently, there has been a bias to longer term fixings (10-20 years). Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

### *Underwriting criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation (“Tijdelijke regeling hypotheek krediet”). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 102 per cent. (including all costs such as stamp duties), but it will be gradually lowered to 100 per cent. by 2018, by 1 per cent. per annum. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation “NIBUD” and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the “explain” clause<sup>5</sup>. In 2011, another revised and stricter version of the Code of Conduct was introduced. Moreover, adherence to the “comply” option was increasingly mandated by the Financial Markets Authority (AFM). Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is

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<sup>5</sup> Under the “explain” clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct.



the cap of interest-only loan parts to 50 per cent. of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts. A mortgage lender may however diverge from the cap limitation if certain conditions have been met.

### **Recent developments in the Dutch housing market**

The Dutch housing market has shown clear signs of recovery since the second half of 2013. Important factors are among others the economic recovery, high consumer confidence and low mortgage rates.

Existing house prices (PBK-index) in Q2 2016 rose by 1.3 per cent. compared to Q1 2016. Compared to Q2 2015 this was 4.1 per cent., the sharpest rise since early 2008. Nonetheless, by comparison with the peak in 2008, the average price drop amounts to 15 per cent. The continued increase in house prices is in line with the rise in sales numbers. Compared to a year ago, sales numbers rose by 23 per cent. The twelve month total of existing home sales now stands at 198,000, which is roughly in line with pre-crisis levels.

### **Forced sales**

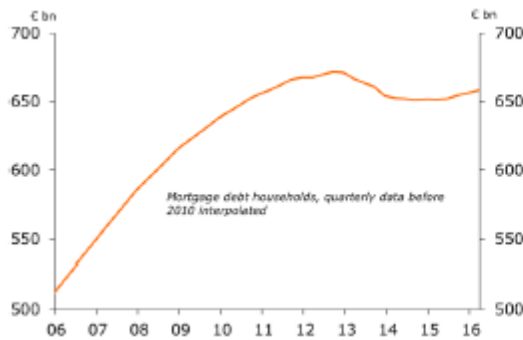
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>6</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. In Q2 2016, only 532 sales were forced, which is 0.57 per cent. of the total number of sales in this period.

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<sup>6</sup> Comparison of S&P RMBS index delinquency data.

Chart 1: Total mortgage debt



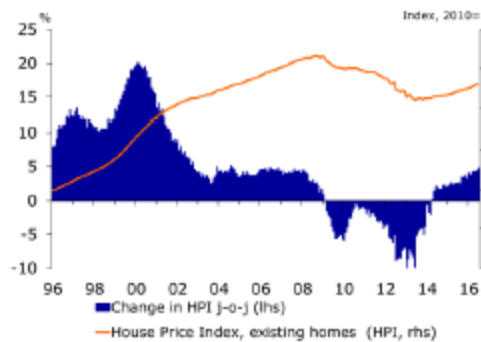
Source: Statistics Netherlands, Rabobank

Chart 2: Sales and prices



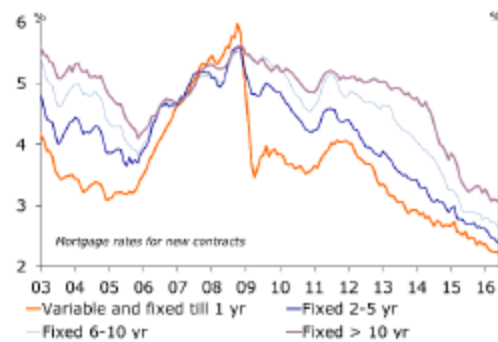
Source: Statistics Netherlands, Rabobank

Chart 3: Price index development



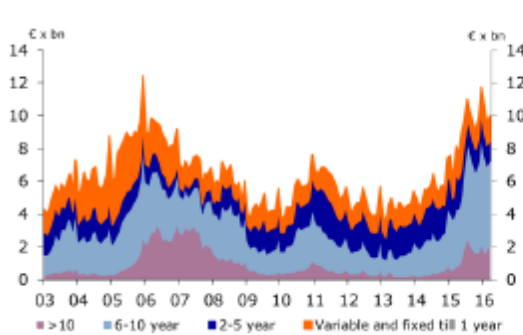
Source: Statistics Netherlands, Rabobank

Chart 4: Interest rate on new mortgage loans



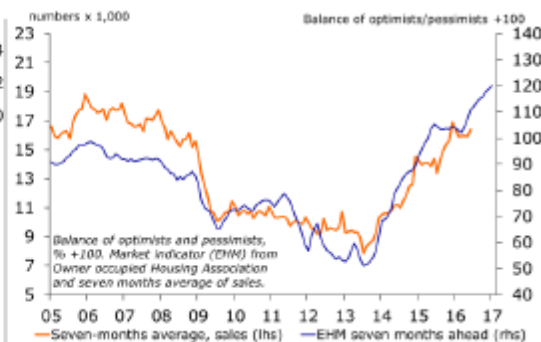
Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence points to rise in sales



Source: Delft University OTB, Rabobank

## **7. PORTFOLIO DOCUMENTATION**

### **7.1 Purchase, Repurchase and Sale**

#### **Purchase of Mortgage Receivables**

In accordance with the terms of the Mortgage Receivables Purchase Agreement, the Issuer (i) will purchase and on the Closing Date accept the assignment of the Mortgage Receivables selected to be part of the Pool as of the Cut-Off Date (including any parts thereof corresponding with amounts placed on Construction Deposits of the Seller against certain Borrowers under or in connection with certain selected Mortgage Loans and that are secured by a first or a first and sequential ranking Mortgage) and (ii) will, subject to the Further Advance Purchase Conditions or, if applicable the New Ported Mortgage Receivables Purchase Conditions, as the case may be, having been met, purchase and accept the assignment of eligible Further Advance Receivables and New Ported Mortgage Receivables on certain later dates.

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

On the Closing Date, the Issuer shall purchase and accept assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of the Mortgage Receivables Purchase Agreement and the Deed of Assignment and registration of the Deed of Assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred from the Seller to the Issuer (**Assignment**). The Assignment has not and will not be notified to the Borrowers, except upon the occurrence of any Assignment Notification Event. Until notification of Assignment the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller.

The Seller and the Issuer have agreed, in accordance with the terms of the Mortgage Receivables Purchase Agreement, that the Issuer will be entitled to all proceeds in respect of the Mortgage Receivables from and including the Cut-Off Date. Accordingly, the Collection Foundation Administrator will pay, to the Issuer (i) on the first Mortgage Collection Payment Date after the Closing Date, all proceeds received from and including the Cut-Off Date up to the Closing Date in respect of the relevant Mortgage Receivables; and (ii) (a) on each Mortgage Collection Payment Date falling on the fourteenth calendar day (or the next Business Day if such day is not a Business Day) of each Mortgage Calculation Period, all scheduled interest and scheduled principal payments under the Mortgage Loan received on or around the first calendar day of each Mortgage Calculation Period and accrued during the immediately preceding Mortgage Calculation Period in respect of the relevant Mortgage Receivables, and (b) on each Mortgage Collection Payment Date falling on the fifth Business Day of each Mortgage Calculation Period, all other payments under the Mortgage Loans, including but not limited to unscheduled principal prepayments or repayments, Prepayment Penalties or interest penalties under the Mortgage Loans received during the immediately preceding Mortgage Calculation Period in respect of the relevant Mortgage Receivables.

The Seller will, subject to the Revenue Priority of Payments, on the first Notes Payment Date be entitled to receive from the Issuer the Funding Adjustment Costs.

#### **Purchase Price**

The purchase price for the Mortgage Receivables assigned on the Closing Date shall consist of the Initial Purchase Price (which is equal to the Outstanding Principal Amount of such Mortgage Receivables on the Cut-Off Date), which shall be payable on the Closing Date. The Issuer shall withhold from the Initial

Purchase Price for the Mortgage Receivables to be assigned on the Closing Date an amount equal to the Aggregate Construction Deposit Amount. Such amount will be credited to the Construction Deposit Account. With respect to Further Advance Receivables and New Ported Mortgage Receivables the Initial Purchase Price for such Further Advance Receivables and New Ported Mortgage Receivables shall be equal to the Outstanding Principal Amount of such Further Advance Receivables and New Ported Mortgage Receivables on the date of granting of the related Further Advance or New Ported Mortgage Loan. Please also see “*Use of Proceeds*”.

In respect of the Mortgage Receivables assigned on the Closing Date, the Issuer will, in addition to the Initial Purchase Price (minus the withheld Aggregate Construction Deposit Amount), pay the Supplementary Purchase Price to the Seller. No Supplementary Purchase Price shall be due in addition to the Initial Purchase Price in respect of the Further Advance Receivables and New Ported Mortgage Receivables.

### **Purchase of Further Advance Receivables**

The Mortgage Receivables Purchase Agreement provides that (i) following the first Notes Payment Date the Seller will offer any Further Advance Receivable for sale to the Issuer promptly after the day on which the relating Further Advance has been disbursed to the Borrower and (ii) the Issuer shall use the balance to the Available Further Advance and Unsold Property Portable Mortgage Account to purchase and accept assignment of any Further Advance Receivables resulting from Further Advances granted by the Seller to a Borrower relating to a Mortgage Receivable provided that the Further Advance Purchase Conditions have been satisfied. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivables shall be the Outstanding Principal Amount of such Further Advance Receivables on the date of granting of the related Further Advance.

The purchase by the Issuer of any Further Advance Receivables will be subject to the following conditions (the **Further Advance Purchase Conditions**) that at the relevant date of completion of the sale and assignment of such Further Advance Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event, Swap Termination Event or Servicer Termination Event has occurred and is continuing;
- (c) the relevant Mortgage Loan (including the Further Advance) meets the Mortgage Loan Criteria with the exception of Mortgage Loan Criterion (xli);
- (d) no Pool Level Condition Event has occurred and was continuing as determined as at the immediately preceding Mortgage Calculation Date (other than in the case of Pool Level Condition (g), which shall be determined as at the immediately preceding Notes Calculation Date);
- (e) the amount standing to the credit of the Further Advance and Unsold Property Portable Mortgage Account is sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables; and
- (f) the maturity of the Further Advance Receivables does not exceed the maturity of the related existing Mortgage Receivables.

## Pool Level Conditions

Each of the following criteria (collectively the **Pool Level Conditions**) applies in respect of a purchase of Further Advance Receivables or New Ported Mortgage Receivables, as applicable:

- (a) the Outstanding Principal Amount of each Interest-only Mortgage Receivable does not exceed 50 per cent. of the Market Value of the relevant Mortgaged Asset at the time of origination except for four Mortgage Receivables assigned to the Issuer on the Closing Date;
- (b) the weighted average current loan to original Market Value ratio of all Mortgage Receivables will not exceed 98.5 per cent. on the immediately preceding Mortgage Calculation Date;
- (c) the aggregate Outstanding Principal Amount of the Mortgage Receivables under which amounts are due and payable which have remained unpaid for a consecutive period exceeding ninety calendar days on the relevant Mortgage Calculation Date is not more than 1.75 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables;
- (d) the aggregate of the Realised Losses incurred in respect of all Mortgage Receivables as from the Closing Date up to the relevant Mortgage Calculation Date, does not exceed 0.75 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date;
- (e) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (f) the aggregate Outstanding Principal Amount of the Mortgage Receivables due from self-employed Borrowers and Borrowers with a temporary job contract does not exceed 7.0 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Mortgage Calculation Date;
- (g) there is no debit balance in respect of Principal Deficiency Ledger on the immediately preceding Notes Calculation Date;
- (h) the aggregate outstanding amount of the Construction Deposits does not exceed 3.0 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the immediately preceding Mortgage Calculation Date;
- (i) the aggregate outstanding amount of the Construction Deposits does not exceed EUR 2,000,000 on the immediately preceding Mortgage Calculation Date;
- (j) the weighted average debt service to income ratio of all Mortgage Receivables will not exceed 24.0 per cent. on the immediately preceding Mortgage Calculation Date;
- (k) the Issuer has not received a notice that the Seller has terminated extension of Mortgage Loans in the Netherlands;
- (l) the Issuer has not received a Swap Termination Notice;
- (m) the Issuer has not received a Servicer Termination Notice; and
- (n) in respect of the Further Advance Receivables or New Ported Mortgage Receivables, as applicable, no more than 10 Mortgage Loans have been found to be in breach of the Mortgage Loan Criteria (other than Mortgage Loan Criterion (xli) which does not apply to Further Advances and New Ported Mortgage Loans) and/or representations and warranties set out in the Mortgage Receivables

Purchase Agreement as from the Closing Date up to the immediately preceding Mortgage Calculation Date.

If the Seller grants a Further Advance to a Borrower between the Closing Date and the first Notes Payment Date, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Mortgage Loan in respect of which such Further Advance is granted.

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

### **Purchase of New Ported Mortgage Receivables**

The portability feature can be exercised by a Borrower in two different manners, depending on whether (i) the Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset or (ii) the Borrower has not sold its Old Mortgaged Asset yet prior to the purchase of its New Mortgaged Asset, in which case the Borrower must sell its Old Mortgaged Asset within a period of up to twelve months of its purchase of the New Mortgaged Asset.

#### *Borrower has sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset*

If the Borrower relating to any Mortgage Loan wishes to exercise the portability feature (*meeneemregeling*) whereby the Old Mortgaged Asset is sold prior to the purchase of the New Mortgaged Asset, it will be required to notify the Servicer of its intention to redeem its Portable Mortgage Loan and its intention to take out a New Ported Mortgage Loan prior to the redemption of that Portable Mortgage Loan (which coincides with the sale of the Old Mortgaged Asset). The sale of the Old Mortgaged Asset and the purchase of the New Mortgaged Asset in respect of the New Ported Mortgage Loan have to be executed within no more than six months of each other. If sale of the Old Mortgaged Asset and the subsequent purchase of the New Mortgaged Asset happen within the same Mortgage Calculation Period the principal proceeds received by the Collection Foundation for the benefit of the Issuer in relation to the redemption of the Portable Mortgage Loan on the Collection Foundation Account will be applied to purchase and accept assignment of the related New Ported Mortgage Receivables. Any remaining principal proceeds received in respect of the relevant Portable Mortgage Receivable will be credited on each Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds.

With respect to the purchase of New Ported Mortgage Receivables the Mortgage Receivables Purchase Agreement provides that if the sale does not happen in the same Mortgage Calculation Period, the Issuer Administrator on behalf of the Issuer will deposit the principal proceeds received by it in relation to the prepayment of the Portable Mortgage Loan in the Sold Property Portable Mortgage Account. The Issuer will apply the relevant funds deposited on the Sold Property Portable Mortgage Account outside of the Redemption Priority of Payments to purchase and accept assignment (if required in advance) of the New Ported Mortgage Receivable if the related New Ported Mortgage Loan was granted within six months after the deposit was made on the Sold Property Portable Mortgage Account provided that the New Ported Mortgage Receivable is offered and originated by the Seller (or the Elan Servicer acting on its behalf as agent). If the related New Ported Mortgage Loan has not been granted within six months after the deposit was made on the Sold Property Portable Mortgage Account, such deposit will be credited on the immediately succeeding Notes Calculation Date to the Issuer Collection Account and become part of the Available Principal Funds. If the purchase of the New Mortgaged Asset takes place prior to the sale of the Old Mortgaged Asset, the purchase of the New Ported Mortgage Receivables will be funded by drawing under the Further Advance and Unsold Property Portable Mortgage Account and any subsequent prepayments relating to the old Portable Mortgage Loan will be used as Available Principal Funds.

For Portable Mortgage Receivables whereby the New Mortgaged Asset is purchased prior to sale of the Old Mortgaged Asset being exercised, the Borrower will be required to notify the Servicer of its intention to take out a New Ported Mortgage Loan. The purchase of the New Mortgaged Asset and the sale of the Old Mortgaged Asset have to be executed within a period of up to twelve months of each other. Therefore, the Borrower may have two Mortgage Loans outstanding with the Seller, in each case secured against separate Mortgaged Assets.

*Borrower has not sold its Old Mortgaged Asset prior to the purchase of its New Mortgaged Asset*

If the purchase of the New Mortgaged Asset takes place prior to the sale of the Old Mortgaged Asset, the purchase and assignment of the New Ported Mortgage Receivable will be funded by a drawing under the Further Advance and Unsold Property Portable Mortgage Account and any subsequent prepayments relating to the old Portable Mortgage Loan will be used as Available Principal Funds.

The Mortgage Receivables Purchase Agreement provides that the Seller will offer for sale any New Ported Mortgage Receivable to the Issuer promptly after the day on which the relating New Ported Mortgage Loan has been disbursed to the Borrower.

*New Ported Mortgage Receivables Purchase Conditions*

The purchase by the Issuer of any New Ported Mortgage Receivables will be subject to the following conditions (the **New Ported Mortgage Receivables Purchase Conditions**) that at the relevant date of completion of the sale and assignment of such New Ported Mortgage Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the New Ported Mortgage Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event, Swap Termination Event or Servicer Termination Event has occurred and is continuing with respect to a New Ported Mortgage Receivable whereby the purchase of the related New Mortgaged Asset takes place prior to the sale of the related Old Mortgaged Asset;
- (c) the relevant Mortgage Loan (including the New Ported Mortgage Receivable) meets the Mortgage Loan Criteria with the exception of Mortgage Loan Criterion (xli);
- (d) in respect of a New Ported Mortgage Receivable in case of an Unsold Mortgaged Asset, no Pool Level Condition Event has occurred and was continuing as determined as at the immediately preceding Mortgage Calculation Date (other than in the case of Pool Level Condition (g), which shall be determined as at the immediately preceding Notes Calculation Date);
- (e) the amount standing to the credit of the Sold Property Portable Mortgage Account or Further Advance and Unsold Property Portable Mortgage Account, as relevant, is sufficient to pay the Initial Purchase Price for the relevant New Ported Mortgage Receivables; and
- (f) the Outstanding Principal Amount, the maturity, the interest rate and the interest reset date in respect of the New Ported Mortgage Receivable is the same as in respect of the corresponding Portable Mortgage Receivable.

In case a New Ported Mortgage Loan is granted to a Borrower between the Closing Date and the first Notes Payment Date, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Mortgage Loan in respect of which such New Ported Mortgage Loan is granted and the Beneficiary Rights relating thereto.

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

### **Repurchase**

The Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable including all rights relating to separate loan parts and accept reassignment of the Beneficiary Rights relating thereto, in whole but not in part in accordance with the Mortgage Receivables Purchase Agreement by no later than the immediately following Mortgage Collection Payment Date falling on the fifth Business Day of the relevant Mortgage Calculation Period:

- (i) if on the date on which the Seller wishes to sell to the Issuer any Further Advance Receivable related to such Mortgage Receivable, the Further Advance Purchase Conditions are not satisfied in full;
- (ii) if on the date on which the Seller wishes to sell to the Issuer any New Ported Mortgage Receivable related to such Mortgage Receivable, the New Ported Mortgage Receivables Purchase Conditions are not satisfied in full; or
- (iii) if the Seller agrees with a Borrower to an amendment of the terms of a Mortgage Loan related to such Mortgage Receivable, or part of such Mortgage Loan and the Mortgage Loan subsequently fails to meet the Mortgage Loan Criteria or such amendment materially adversely changes the position of the Issuer or the Security Trustee (A) vis-à-vis the relevant Borrower or (B) under the transaction as envisaged in the Mortgage Receivables Purchase Agreement, provided that if such amendment is made (x) as part of the foreclosure procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (y) in order to comply with any applicable law, the Seller shall not be required to repurchase and accept reassignment of the relevant Mortgage Receivable.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable, together with due and unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such sale and assignment).

### **Breach of Mortgage Loan Criteria or representations and warranties**

#### *Liability for Representations and Warranties*

With respect to a breach of Mortgage Loan Criteria or representations and warranties the Issuer, the Seller, the Elan Servicer and the Servicer acknowledged and agreed that:

- (a) the Elan Servicer, in its capacity as agent, originates mortgage receivables on behalf of the Seller from time to time (including, the Mortgage Receivables);
- (b) the Elan Servicer and the Seller have agreed, as part of the services provided by the Elan Servicer, that the Elan Servicer is liable to the Seller for any breach of the Mortgage Loan Criteria or any representation or warranty in respect of any mortgage receivable originated by it on behalf of the Seller (including, the Mortgage Receivables), subject to certain limitations;



- (c) as a consequence of the Elan Servicer's role with respect to the origination of mortgage loans on behalf of the Seller (including, the Mortgage Loans from which the Mortgage Receivables result), the Seller shall not be liable against the Issuer for any breach of Mortgage Loan Criteria (including, but not limited to, any Key Representation) or other representation and warranty made in respect of any Mortgage Receivable, but the Elan Servicer will in the Mortgage Receivables Purchase Agreement agree to be liable for any claim made by the Issuer in respect of any breach of any Mortgage Loan Criteria (including, but not limited to, any Key Representation) or other representation and warranty made in respect of any Mortgage Receivable, subject to certain limitations;
- (d) the Elan Servicer is not liable for any breach of Mortgage Loan Criteria or other representation and warranty made in respect of any Mortgage Receivable caused by a failure of a civil law notary to validly vest a mortgage. For any such failure, the Elan Servicer will claim (i) remedy or (ii) if no remedy is possible, damages from such civil law notary on behalf of the Issuer.

### *Key Representations*

In respect of the Elan Servicer's liability the following applies. If there is a breach by the Elan Servicer of any obligations under the Transaction Document to which it is a party constituting a Key Representation in respect of any Mortgage Receivable where such breach is capable of being remedied, the Elan Servicer will have sixty (60) Business Days after receipt of a written notice of such breach by or on behalf of the Issuer to remedy the breach (the **Key Representation Remedy Period**).

If the breach of the relevant Key Representation is not remedied within the Key Representation Remedy Period or is not capable of being remedied:

- (a) the Issuer Administrator will debit the Principal Deficiency Ledger by an amount equal to the Outstanding Principal Amount of the relevant Mortgage Receivable on the Notes Calculation Date immediately succeeding the end of the Key Representation Remedy Period (or if not capable of being remedied, on the Notes Calculation Date immediately succeeding the date of the breach);
- (b) the Portfolio Manager acting on behalf of the Issuer will, in consultation with the Elan Servicer, who has an option to purchase the affected Mortgage Receivable at Par Value, initiate an auction process to seek a third party buyer for the affected Mortgage Receivable; and
- (c) the Elan Servicer will, subject to certain limitations and caps set out below be liable to pay the applicable Pre-agreed Compensation Amount to the Collection Foundation Account.

If any breach is not remedied within the Key Representation Remedy Period or capable of being remedied the Issuer will submit to the Elan Servicer (i) a written notice to request payment of the Pre-agreed Compensation Amount expiring twenty (20) Business Days after the date of its delivery (the **Compensation Notice**).

If the Portfolio Manager finds a third party willing to purchase the Mortgage Receivable, it shall notify the Issuer, the Servicer, the Elan Servicer and the Seller promptly of the conditions under which such third party is willing to purchase such Mortgage Receivable (the **Third Party Conditions**). The Elan Servicer shall then have the right to purchase such Mortgage Receivable on the Third Party Conditions during a period of five (5) Business Days from the date it is notified of the Third Party Conditions. If the Elan Servicer does not elect to exercise its right of purchase within that period, the Issuer may sell and assign the Mortgage Receivable to such third party buyer.

The Issuer will undertake in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivable in respect of which a breach of a Key Representation has occurred to the Elan Servicer or the third party buyer against payment of (i) the purchase price for the Mortgage Receivable as agreed with the third party buyer, which amount shall be paid directly to the Issuer and (ii) if the purchase price is less than the Par Value of the Mortgage Receivable, the Pre-agreed Compensation Amount which shall be paid by the Elan Servicer into the Collection Foundation Account. The payment as referred to under (ii) will be made by the Elan Servicer immediately after the end of the sale process and will be considered to be a pre-condition to the sale and assignment of the Mortgage Receivable by the Issuer to the Elan Servicer. If the Mortgage Receivable is not sold and assigned to a third party buyer or the Elan Servicer in accordance with the foregoing, and the Elan Servicer has (i) notified the Issuer of its election to purchase the Mortgage Receivable or is deemed to have elected such purchase and (ii) subsequently pays the Par Value into the Collection Foundation Account, the Mortgage Receivable will be assigned to the Elan Servicer in consideration of such payment. If the Mortgage Receivable is not sold and assigned to a third party buyer or the Elan Servicer in accordance with the above and the Elan Servicer has indicated within the Election Period that it elects not to pay Par Value and purchase the Mortgage Receivable, the Elan Servicer will pay an amount equal to the applicable Pre-Agreed Compensation Amount into the Collection Foundation Account.

#### *Other Representations*

If there is a breach of any of the Mortgage Loan Criteria or representation and warranty in respect of any Mortgage Receivable which does not constitute a Key Representation, the Portfolio Manager will notify the Issuer, Seller, the Elan Servicer and the Servicer. The Elan Servicer shall have twenty (20) Business Days (the **Other Representations Remedy Period**) to remedy the breach provided that it is capable of being remedied.

If the breach of the relevant Mortgage Loan Criterion or representation and warranty (which does not constitute a Key Representation) is not remedied within the Other Representations Remedy Period or is not capable of being remedied:

- (a) the Issuer Administrator will debit the Principal Deficiency Ledger by an amount equal to the Outstanding Principal Amount of the relevant Mortgage Receivable on the Notes Calculation Date immediately succeeding the end of the Other Representations Remedy Period (or if not capable of being remedied, on the Notes Calculation Date immediately succeeding the date on which the breach arose);
- (b) the Elan Servicer will not be obliged to pay a Pre-agreed Compensation Amount and no auction process shall be initiated to seek a third party buyer;
- (c) the Issuer will continue to own the Mortgage Receivable and any interest, fees and principal amounts received by it in respect thereof will form part of the Available Revenue Funds; and
- (d) the Elan Servicer will be liable for direct damages, such as loss, cost, claim, damage and expense whatsoever incurred or suffered by the Issuer as a result of the breach.

In the Mortgage Receivables Purchase Agreement, the Elan Servicer will by way of an independent obligation, as against the Issuer accept liability for any direct damages incurred by the Issuer in case of such breach and such amount will be paid by the Elan Servicer directly to the Issuer, provided that such liability will be capped by the amount payable by the Elan Servicer as referred to below.

#### *Compensation Payments*

The compensation amounts the Elan Servicer is obliged to pay the Issuer in relation to a breach of Mortgage Loan Criteria or representations and warranties, irrespective of whether it constitutes a Key Representation are collectively referred to as **Compensation Payments**.

The Elan Servicer will pay each Compensation Payment (including for the avoidance of doubt any Pre-agreed Compensation Amount) owed to the Issuer into the Collection Foundation Account up to the applicable caps as described below. Any such payments will be credited by the Collection Foundation Administrator to a specified ledger of the Collection Foundation Account (the **Compensation Ledger**).

The Seller has obtained funding for its origination of mortgage loans from the Elan Lender, but may, from time to time, participate in securitisation transactions to finance mortgage loans. The securitisation transactions will involve the sale of mortgage loans to securitisation special purpose companies established for the purpose of securitising mortgage loans originated by the Seller (such special purpose companies being, **Elan Issuers**). This Prospectus summarises one such securitisation involving the sale of Mortgage Loans by the Seller to the Issuer. Accordingly, at any time, the Seller may have securitised certain of the mortgage loans originated by it, but also retain and own mortgage loans that have not been sold as part of any securitisation transaction, but which may be funded and pledged to the Elan Lender or any affiliate thereof (the **Non-Securitised Mortgage Receivables**).

Quion Services B.V. and Quion Groep B.V. (together, the **Quion Parties**) have undertaken to perform certain services on behalf of each of the Seller and/or the Issuer and are expected to perform similar services for other Elan Issuers. The Quion Parties will accordingly be liable with respect to the performance of their services on behalf of each of the Issuer, the Seller and any relevant Elan Issuer and also with respect to the breach of certain representations and warranties relating to mortgage loans originated by the Seller (whether or not those mortgage loans have been securitised).

#### *Limitation of the Elan Servicer's liability*

The Quion Parties have capped their aggregate liability which can be incurred towards each of the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) and each Elan Issuer taken as a whole. Other than in the case of gross negligence, fraud or wilful misconduct of any of the Quion Parties, the liability of the Quion Parties to pay the Compensation Payments is subject to a limit of (i) EUR 1,000,000 per claim for each Quion Party and (ii) an aggregate amount of EUR 5,000,000 per calendar year for the Quion Parties, jointly. The liability caps may be restated as a higher amount upon written notification by the Quion Parties to the Issuer.

The above liability limits apply (A) to any and all claims made by the Seller, the Issuer and any relevant Elan Issuer against either Quion Party (other than in case of gross negligence, fraud or wilful misconduct of such Quion Party) and (B) to all liability which the Quion Parties may have towards the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) or any Elan Issuer in respect of the performance of their services to those parties, including without limitation their services in connection with the origination, administration and servicing of mortgage loans (in the case of Quion Services B.V.) and admitted institution services (in the case of Quion Groep B.V.).

All Compensation Payments relating to the claims of the relevant parties referred to above will be paid by the Quion Parties and credited to the Compensation Ledger of the Collection Foundation Account for distribution at the end of each calendar year, but the amount standing to the credit of the Compensation Ledger in any year will never exceed EUR 5,000,000.

#### *First Loss*

The Quion Parties' liability is also subject to a first loss amount in each calendar year, except in the case of

fraud, wilful misconduct or gross negligence, which shall be deducted from the aggregate amount for which the Quion Parties are liable to the Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) and any other relevant Elan Issuer in that calendar year. The amount of the first loss is calculated by reference to the aggregate principal amount outstanding of the aggregate portfolio of mortgage loans originated by the Seller whether owned by the Issuer, the Seller or any other Elan Issuer, on the last day of the relevant calendar year and shall be charged as follows:

Aggregate principal amount outstanding of the portfolio:	Aggregate amount of first loss per calendar year:
€0 – 100 million	€30,000
€100 – 200 million	€60,000
€200 – 300 million	€90,000
€300 – 400 million	€120,000
€400 – 500 million	€150,000
€500 million or more	€150,000 plus €30,000 per €100 million portfolio exceeding €500 million.

The Quion Parties are entitled to only begin making Compensation Payments into the Collection Foundation Account in any calendar year at the time at which the aggregate amount of claims made against the Quion Parties in that year exceeds the first loss amount which has been determined in accordance with the table above, by reference to the aggregate principal amount outstanding of the aggregate portfolio of mortgage loans originated by the Seller whether owned by the Issuer, the Seller or any other Elan Issuer, as at the first day of the calendar year (or in relation to the calendar year of 2016, as at the Closing Date). In addition, the aggregate principal amount outstanding of the aggregate portfolio of mortgage loans originated by the Seller whether owned by the Issuer, the Seller or any other Elan Issuer will be re-calculated by reference to the last day of each calendar year and if that amount is lower than the aggregate principal amount outstanding of the aggregate portfolio of mortgage loans originated by the Seller whether owned by the Issuer, the Seller or any other Elan Issuer as at the first day of the relevant calendar year, the Quion Parties will be required to re-calculate the first loss amount to determine if the first loss amount should have been a lower amount for that year in accordance with the table above and, if the first loss amount has decreased, the Elan Servicer will be liable to pay the amount by which the original first loss amount exceeds the newly determined first loss amount to the Compensation Ledger of the Collection Foundation Account by no later than the second Business Day after the date on which the calculations are made by the Collection Foundation Administrator.

The Collection Foundation Administrator will within seven Business Days after the last day of each calendar year calculate and within two Business Days thereafter transfer from the amount standing to the credit of the Compensation Ledger of the Collection Foundation Account, the *pro rata* amounts payable to the Issuer, any Elan Issuer, the Seller, the Elan Lender (or any of its affiliates or nominees) or the Quion Parties, as the case may be, on the basis of (A) the actual amounts credited to the Compensation Ledger, (B) the respective validated claim amounts of the Issuer, any Elan Issuer, the Elan Lender (or any of its affiliates or nominees) and/or the Seller and (C) any adjustment to the applicable first loss amount applied by the Quion Party, to be paid to or received from the Quion Parties as a deduction from the aggregate amount of Compensation Payments payable by the Quion Parties in any calendar year.

#### *Records of claims of the Issuer*

The Portfolio Manager will record all claims made by the Issuer against the Elan Servicer during any calendar year in relation to any breach of any representation or warranty relating to any Mortgage Loan and breaches of its obligations under the Servicing Agreement and the other Transaction Documents, including but not limited to the amount of each claim constituting a Compensation Payment.

The Portfolio Manager will within seven Business Days after the last day of each calendar year notify the Collection Foundation Administrator of the aggregate amount of Compensation Payments or any other amounts owing to the Issuer by the Elan Servicer.

The *pro rata* amount payable to the Issuer and debited from the Compensation Ledger will be allocated on or before the Notes Calculation Date immediately succeeding the last Business Day in December of each calendar year to the Available Revenue Funds to be applied in accordance with the Revenue Priority of Payments.

### **Exercise of the Portfolio Call Option / Tax Call Option and the Sale of Mortgage Receivables**

If the Majority RS Noteholder exercises the Portfolio Call Option, the Issuer is obliged to sell and assign all (but not some only) of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Floating Rate Notes at their respective Principal Amount Outstanding, in full.

The Issuer has the right to sell and assign all but not some of the Mortgage Receivables if the Tax Call Option is exercised by it, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes according to the *Terms and Conditions of the Notes – Redemption*.

The purchase price payable by the Majority RS Noteholder on or before the relevant Optional Redemption Date in the event of a sale by the Issuer upon exercise of the Portfolio Call Option will be equal to the amount required to enable the Issuer, taking into account the amounts standing to the credit of the Issuer Transaction Accounts (excluding the Reserve Account), and any other funds available to the Issuer, to (I) redeem all of the Floating Rate Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (including for the avoidance of doubt and if applicable, any Subordinated Extension Payment Amount and any Principal Deficiencies) on such Floating Rate Notes, (II) pay any amounts required under item (a) up to and including (c) (which shall include any costs and expenses of the Issuer in relation to the exercise by the Majority RS Noteholder of the Portfolio Call Option) of the Post-Enforcement and Call Option Exercise Priority of Payments on such Optional Redemption Date, (III) pay any fees, costs and expenses due and payable in relation to the liquidation of the Issuer and (IV) make any Net Swap Payment (which includes any termination payments payable under the Swap Agreement) on such Optional Redemption Date.

The purchase price of the Mortgage Receivables in the event of a sale by the Issuer upon exercise of the Tax Call Option shall be at least equal to the Tax Call Option Minimum Required Purchase Price, which amount may be lower than the Par Value.

### **Assignment Notification Events**

If:

- (a) a default is made by the Seller to the Issuer in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure is not remedied within 15 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage

Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure, if capable of being remedied, is not remedied within 30 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or

- (c) any representation, warranty or statement made or deemed to be made by the Seller under the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables, or under any of the Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect; or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into (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 to it or of any or all of its assets; or
- (e) the Seller has taken any corporate action or other steps have been taken or legal proceedings have been instituted 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) the Seller 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 Transaction Documents; or
- (g) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations; or
- (h) a Pledge Notification Event has occurred; or
- (i) the Collection Foundation has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments (*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
- (j) termination of the Back Swap Agreement,

(any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) one of these events, an **Assignment Notification Event**) then the Servicer, on behalf of the Issuer, shall:

- (i) notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of the Assignment to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself;
- (ii) instruct the Seller to notify the relevant Insurance Company of the assignment of the Beneficiary Rights relating to the 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 Risk Insurance Policies (to the extent such rights have not been waived), (ii) to appoint as first beneficiary under the relevant Risk 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 Risk 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 Risk Insurance Policy to the Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Risk Insurance Policy in favour of the Seller towards repayment of the 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;

- (iii) the Issuer shall, if so requested by the Security Trustee, forthwith make the appropriate entries in the Land Registry relating to the Assignment, also on behalf of the Security Trustee, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller shall grant an irrevocable power of attorney to the Issuer and the Security Trustee; and
- (iv) instruct the civil law notary to release the Escrow List of Loans to the Security Trustee.

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

Upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver an Assignment Notification Stop Instruction.

## 7.2 Representations and Warranties

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Loans as of the Cut-Off Date, and in respect of the representations and warranties set forth in (d) as of the Closing Date, the Mortgage Receivables resulting therefrom and the Beneficiary Rights relating thereto, among other things:

- (a) the Mortgage Loan Criteria have been met – see below;
- (b) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (c) it has full right and title to the Mortgage Receivables and the Beneficiary Rights relating thereto and it has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables and to assign the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables and the assignment of the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned or pledged;
- (d) subject to any security created pursuant to the Transaction Documents, the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) all receivables under a Mortgage Loan (*hypothecaire lening*) which are secured by the same Mortgage are pledged to the Security Trustee pursuant to the Issuer Mortgage Receivables Pledge Agreement;
- (f) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts (*leningdelen*);
- (g) to the best of its knowledge (having made due and careful enquiry), the Borrowers are not in any material breach or default of any provision of their Mortgage Loans other than in respect of a payment obligation;
- (h) it has no Other Claims vis-à-vis any Borrower other than the claims resulting from the relevant Mortgage Loans;
- (i) the notarial Mortgage Deeds (*minuut*) relating to the Mortgages are kept by a civil law notary at the time of execution of the relevant Mortgage Deed and it is not aware that the Mortgage Deeds are not kept by a civil law notary in the Netherlands and are registered in the appropriate registers, while scanned copies of such deeds and of the other Loan Files, are held by the Servicer;
- (j) none of the Borrowers holds a savings account, current account or term deposit with the Seller;
- (k) in the Netherlands, the Mortgage Loans and Mortgage Receivables are not subject to withholding tax;
- (l) no Mortgage Loan has more than one scheduled payment outstanding due and payable and no Mortgage Loan is more than thirty (30) days in arrears;



- (m) as far as it is aware (having made due and careful enquiry), no Borrower is subject to bankruptcy or other insolvency proceedings or is deceased;
- (n) it has not taken any proceedings against the Borrowers;
- (o) no Mortgage Loan has been varied, amended, modified or waived in any material way which would adversely affect its terms or its enforceability or collectability;
- (p) each Mortgage Receivable will be, upon offer for registration of the relevant deed of pledge and/or assignment with appropriate unit of the Dutch Tax Authorities (*Belastingdienst*) on the date of such deed, transferred and/or pledged and such transfer and/or pledge is enforceable against its creditors and is neither prohibited nor invalid, save for applicable laws affecting the rights of creditors generally;
- (q) the 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 New Ported Mortgage Receivables and/or Further Advance Receivables, the relevant Mortgage Collection Payment Date;
- (r) each Mortgage Receivable results from a Mortgage Loan originated by the Seller (or the Elan Servicer acting on its behalf as agent) and the Seller has instructed each Borrower to make payments on its Mortgage Loan on the Collection Foundation Account and is entitled to collect (*inningsbevoegd*) such Mortgage Receivable; and
- (s) the Mortgage Conditions do not violate any applicable laws, rules or regulations.

### 7.3 Mortgage Loan Criteria

Each of the Mortgage Loans in the Pool will meet the following criteria (the **Mortgage Loan Criteria**) on the Cut-Off Date:

- (i) each of the Mortgage Receivables and each of the Beneficiary Rights is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on such date on which the representation is given;
- (ii) each Mortgaged Asset is located in the Netherlands;
- (iii) each Mortgage Loan is denominated in euro;
- (iv) each Mortgage Loan has a positive outstanding principal amount;
- (v) each Mortgage Receivable is secured by a first ranking mortgage right (*hypotheekrecht*) or, in case of Mortgage Loans (for the avoidance of doubt including any Further Advances, as the case may be) secured on the same Mortgaged Asset, first and subsequently lower ranking mortgage rights, on a Mortgaged Asset used for residential purposes in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands;
- (vi) each Mortgage Loan contains provisions that in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned to a third party;
- (vii) each Mortgaged Asset concerned was valued by an independent qualified valuer when application for a Mortgage Loan was made in accordance with its then prevailing guidelines and in accordance with the Code of Conduct on Mortgage Loans (*Gedragsscode Hypothecaire Financieringen*). Valuations by an independent qualified valuer are not older than twelve months prior to the date of the mortgage application by the Borrower;
- (viii) each Mortgage Loan, Mortgage Receivable and each Mortgage and Borrower Pledge securing such Mortgage Receivable is legal, valid, binding and enforceable and constitutes legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the Seller;
- (ix) all Mortgages and Borrower Pledges in respect of each Mortgage Receivable (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge respectively and, to the extent relating to the Mortgages, are entered into the appropriate mortgage register of the Land Registry, and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Seller on behalf of the Borrower, together up to an amount equal to at least 50 per cent. of such Outstanding Principal Amount, therefore in total up to an amount equal to 150 per cent. of the Outstanding Principal Amount of the Mortgage Receivable upon origination;
- (x) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, (i) subject to the Mortgage Conditions and (ii) substantially in the form of mortgage deed as scheduled to the Mortgage Receivables Purchase Agreement;
- (xi) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements, and meets the Code of Conduct on Mortgage Loans (*Gedragsscode*

*Hypothecaire Financieringen*) and the Seller's underwriting policy, including its underwriting criteria at the time of application and the Mortgage Conditions (except for Four Mortgage Loans which have an interest-only part that is higher than 50 per cent. of the Market Value of the relevant Mortgaged Asset upon creation of such Mortgage Loan), and do not contravene any applicable law, rule or regulation prevailing at the time of origination in all material respects, including mortgage credit and consumer protection legislation, the Code of Conduct (together, with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM) and is subject to terms and conditions customary in the Dutch mortgage market at the time of origination and not materially different from the terms and conditions applied by a prudent lender of Dutch residential mortgage loans, and the origination and underwriting criteria and procedures are in a form as may reasonably be expected from a prudent lender of Dutch mortgage loans;

- (xii) each of the Mortgage Loans to which a Risk Insurance Policy is connected has the benefit of a valid right of pledge on the rights under such Risk Insurance Policy and either (a) the Seller has been validly appointed as beneficiary (*begunstigde*) under such insurance policies upon the terms of such Mortgage Loans, which has been notified to the relevant insurance companies, or (b) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Mortgage Receivable;
- (xiii) with respect to the Mortgage Receivables secured by a mortgage right on a long lease (*erfpacht*), the Mortgage Loan (i) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by it provide that certain provisions should be met, (ii) becomes immediately due and payable if (a) the long lease terminates for whatever reason, unless the long lease is purchased (*afgekocht*) by the Borrower, or (b) if the lease holder in any manner breaches the conditions of the long lease;
- (xiv) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (xv) the Mortgage Conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without any set-off or deduction;
- (xvi) all payments in respect of the Mortgage Receivable by the Borrowers are made in arrear in monthly instalments and are executed by way of direct debit procedures;
- (xvii) none of the Borrowers had a negative BKR registration (*BKR codering*) at the time the final offer for the Mortgage Loan was made;
- (xviii) it can be determined in the Seller's administration which Beneficiary Rights relate to which Mortgage Loans;
- (xix) the particulars of each Mortgage Loan listed in the list of Mortgage Loans to be attached to the relevant deed of pledge and/or deed of assignment are correct and complete other than in respect of any minor non-material deviations;
- (xx) the Mortgage Loans do not qualify as a self-certified mortgage loan or an equity-release mortgage loan;
- (xxi) no Mortgage Loan contains a requirement for the Borrower to consent to a transfer of the rights of the Seller under such Mortgage Loan;

- (xxii) no Mortgage Loan has been terminated or frustrated, nor has any event occurred which would make any Mortgage Loan subject to force majeure (*overmacht*) or any right of rescission and no right or entitlement of any kind for the non-payment of the full amount of each Mortgage Loan when due has been agreed with the Borrower;
- (xxiii) as far as the Servicer is aware, no Mortgage Loan has been entered into fraudulently by a Borrower;
- (xxiv) no Mortgage Loan has been entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or under influence by the Servicer, the Elan Servicer or Quion Groep, its directors, officers, employees or agents or by any other person acting on the Seller's behalf;
- (xxv) none of the Mortgage Loans have flexible payment dates and payment holidays are not permitted under the relevant Mortgage Conditions;
- (xxvi) other than statutory privacy limitations, there are no confidentiality provisions in the Mortgage Loans that would restrict any pledgee or assignee of the Mortgage Receivables resulting therefrom from exercising its rights as pledgee or assignee thereunder;
- (xxvii) the Servicer has undertaken all reasonable efforts to (i) comply, and procure that each of its intermediaries complies, with its duty of care (*zorgplicht*) vis-à-vis the Borrowers applicable under Dutch law to, amongst others, offerors of mortgage loans, including but not limited to, among other things, an investigation to the risk profile of the Borrower and the appropriateness of the product offered in relation to such risk profile and (ii) provide, and procure that each of its intermediaries provide, each Borrower with accurate, complete and non-misleading information about the relevant Mortgage Loan the risks, including particularities of the product, involved;
- (xxviii) the Mortgage Conditions applicable to the Mortgage Loans do not stipulate that the mortgage right(s) and rights of pledge securing such Mortgage Loan(s) are created as personal rights (*persoonlijke rechten*);
- (xxix) the Loan Files, which include (scanned copies of) the certified copies of the notarial Mortgage Deeds, are kept by the Seller or on behalf of the Seller by the Servicer;
- (xxx) the principal sum was in case of each of the Mortgage Loans (other than any Construction Mortgage Loan) fully disbursed to the relevant Borrower;
- (xxxi) the Servicer, on behalf of the Seller, has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (xxxii) each Mortgage Loan consists of one or more of the following loan types: an Annuity Mortgage Loan (*annuïteiten hypotheek*); a Linear Mortgage Loan (*lineaire hypotheek*); or an Interest-only Mortgage Loan (*aflossingsvrije hypotheek*);
- (xxxiii) the Borrower was, at the time of origination, a resident of the Netherlands;
- (xxxiv) the Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
- (xxxv) pursuant to the applicable Mortgage Conditions, (i) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (ii) the Mortgaged Asset is for

residential use only and has to be occupied by the relevant Borrower at and after the time of origination (except that in exceptional circumstances the Seller may in accordance with its internal guidelines allow a Borrower to let the Mortgaged Asset under specific conditions and for a limited period of time) and (iii) no consent for residential letting of the Mortgaged Asset has been given by the Seller;

- (xxxvi) the interest rate on the Mortgage Loan (or, if the Mortgage Loan consists of more than one Loan Part, on each Loan Part) is a floating rate or fixed rate, subject to an interest reset from time to time;
- (xxxvii) the principal sum outstanding of each Mortgage Loan (or, in the case of Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, the aggregate principal sum outstanding of such Mortgage Loans and Further Advances) did not exceed 103 per cent (such percentage as of 1 January 2016 to be reduced by 1 per cent. per calendar year until 100 per cent. in 2018, unless such levels are replaced by applicable law and regulation, in which case such levels in force from time to time, shall apply), or 106 per cent. in case of energy savings measures fulfilling the requirements in the underwriting criteria, of the Market Value of the Mortgaged Asset upon origination of the Mortgage Loan (or in the case of Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, upon origination of each such Mortgage Loan and Further Advance);
- (xxxviii) as at the Cut-Off Date, the aggregate principal sum outstanding under a Mortgage Loan does not exceed EUR 1,000,000;
- (xxxix) where compulsory under the underwriting criteria, the Mortgage Loan has a Risk Insurance Policy attached to it;
- (xl) in respect of a Mortgage Loan which consists of one Loan Part that qualifies as an Interest-only Mortgage Loan or in respect of a Mortgage Loan which is made up of a combination of loan types, the interest-only loan part thereof, does not exceed 50 per cent. of the Market Value of the relevant Mortgaged Asset upon creation of the Mortgage Loan, except for four Mortgage Loans which have an interest-only part that is higher than 50 per cent. of the Market Value of the relevant Mortgaged Asset upon creation of such Mortgage Loan. The weighted average interest-only loan part of these four Mortgage Loans is 54.9 per cent. of the Market Value of the relevant Mortgaged Assets upon creation of the Mortgage Loans, and the interest-only loan part of any such Mortgage Loan does not exceed 67.3 per cent. of the Market Value of the relevant Mortgaged Asset upon creation of the Mortgage Loan;
- (xli) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
- (xlii) each Mortgage Loan was granted in the ordinary course of the Seller's business; and
- (xliii) the interest rate in respect of each Mortgage Loan was set at the level in accordance with the Seller's interest rate policy, except for one Mortgage Loan in respect of which the interest rate has been set at a level which is lower than it should have been pursuant to the Seller's interest rate policy.

## 7.4 Servicing Agreement

### Servicing of the Portfolio

The Servicer (i) has agreed 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 *Origination and Servicing* above), (ii) provide the Issuer Administrator and the Issuer with the Mortgage Report on each Mortgage Report Date relating to either (x) scheduled interest and scheduled principal payments under the Mortgage Loans relating to the immediately preceding Mortgage Calculation Period or (y) any other payments under the Mortgage Loans, including but not limited to unscheduled principal prepayments or repayments, Prepayment Penalties or interest penalties under the Mortgage Loans received in the immediately preceding Mortgage Calculation Period depending on whether the Mortgage Report Date falls on the fifth Business Day or the fourteenth calendar day (or the next Business Day if such day is not a Business Day) following the end of the relevant Mortgage Calculation Period and (iii) prepare and provide the Issuer Administrator with certain information regarding the Issuer as required by law, for submission to the relevant regulatory authorities. The Servicer will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as other mortgage loans under its management.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of any of the following events:

- (i) a default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of fourteen (14) calendar days after the earlier (i) of the Servicer becoming aware of such default and (ii) receipt by the Servicer of written notice by the Issuer or the Security Trustee requiring the same to be remedied; or
- (ii) a default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or a breach of the representations and warranties made by the Servicer under the Servicing Agreement, which in the reasonable opinion of the Security Trustee is materially prejudicial to the interests of the Issuer and the Secured Creditors and (except where, in the reasonable opinion of the Security Trustee, such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of fourteen (14) calendar days after the earlier of (i) the Servicer becoming aware of such default and (ii) receipt by the Servicer of written notice from the Security Trustee requiring the same to be remedied; or
- (iii) the Servicer takes any corporate action or other steps are taken or legal proceedings are started against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or the Servicer has taken any corporate action or any steps have been taken or legal proceedings have been instituted it for its entering into suspension of payments (*(voorlopige) surseance van betaling*) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets; or
- (iv) at any time it becomes unlawful for the Servicer to perform all or a material part of its obligations under the Servicing Agreement; or

- (v) the Servicer no longer holds a licence as an offeror of credit (*aanbieder van krediet*) or intermediary (*bemiddelaar*) under the Wft or any other licence or authorisation required from time to time in connection with the performance of the Mortgage Loan Services.

In addition the Servicing Agreement may be terminated by the Servicer and by the Issuer upon the expiry of not less than twelve months' notice, subject to among other things (i) written approval of the Security Trustee, which approval may not be unreasonably withheld (ii) appointment of a substitute servicer and (iii) a Credit Rating Agency Confirmation. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed. The Issuer has undertaken in the Trust Deed that it shall, upon the occurrence of a termination event, use its commercially reasonable efforts, or procure that the Issuer Administrator shall use its commercially reasonable efforts, to ensure (if necessary) that the relevant steps contemplated in the Servicing Agreement are taken which include, after terminating the Servicing Agreement, all steps reasonably required to find a substitute servicer. In the Servicing Agreement the Servicer, the Security Trustee, the Issuer and the Back-up Servicer Facilitator have undertaken that they upon termination of the Servicing Agreement, will use reasonable endeavours to appoint a replacement servicer who shall agree to act as servicer pursuant to a servicing agreement on similar terms and conditions to the Servicing Agreement.

## **7.5 Interest rate reset in respect of Mortgage Receivables**

### **Mortgage Interest Rates applicable to the Mortgage Receivables**

#### *The types of interest rates applicable to the Mortgage Receivables*

The Mortgage Interest Rate applicable to each Mortgage Receivable is either (a) a fixed rate which is to be periodically reset from time to time in accordance with its Mortgage Conditions on any Mortgage Receivable Reset Date, or (b) a floating rate which fluctuates from time to time in accordance with the interest base rate to which the rate is referenced (in the case of the Mortgage Loans, the reference rate is the three-month Euribor rate).

If a fixed rate applies to any Mortgage Receivable, that fixed rate will be reset from time to time in accordance with its Mortgage Conditions and the procedures set out below. The fixed rate in respect of any Fixed Rate Mortgage Receivable will be initially reset on the Mortgage Receivable Reset Date agreed between the Seller and Borrower at origination or upon request by a Borrower from time to time, subject to the payment of an agreed (make-whole) fee.

If a floating rate applies to any Mortgage Receivable, the rate is reset on the first day of the calendar quarter (referencing the three-month Euribor rate of the last day of the preceding calendar quarter), and the borrower receives a confirmation of the rate reset prior to the start date of the new rate.

An overview of the fixed rates applicable to the Fixed Rate Mortgage Receivables and the average floating rate applicable to the Floating Rate Mortgage Receivables as at the Cut-Off Date are included in the tables set out in Section of 6.1 of this Prospectus.

#### *The interest rate set at origination of each Mortgage Receivable*

The interest rates of the Mortgage Loans relating to the Mortgage Receivables were set at origination by the Seller in accordance with its own procedures and the interest rate policy agreed between the Seller and its agents.

The Seller, or its portfolio manager on its behalf, as part of its procedures, sends to the Elan Lender a proposed matrix of interest rates on a weekly basis for the purpose of originating new mortgage loans. Such proposed interest rates take into account, among other factors, the number of applications received during the period, the composition of the Seller's portfolio, the operational update, spread developments in the markets and the rates charged by competitors. The Elan Lender will approve the proposed interest rates or suggest alternative pricing to the Seller or its portfolio manager.

#### *Regulatory obligation of the Seller to offer new and existing Borrower the same rate*

Any originator of a Dutch mortgage loan product is required by law to publish its current fixed mortgage rates for different fixed rate periods for which it is offering mortgage loans and, if offered, the current floating rate.

For a given mortgage loan product and for the same fixed rate period, the originator is required to offer the same mortgage rate to both new and existing customers with similar risk profiles (as determined among other things by the loan to income ratio, loan to value ratio and/or the use of a mortgage guarantee).

To satisfy its regulatory obligations, the Seller is required at all times to offer the same prevailing mortgage rate to customers with the same characteristics described above, whether or not the relevant customer is being offered a new mortgage loan product as a new customer or is an existing customer and the mortgage



rate being offered is required for the purposes of resetting the mortgage rate on that customer's fixed rate mortgage loan. The requirement to offer the same rate to all customers also applies if the Seller has sold the mortgage loan to a Elan Issuer (including the Issuer), but continues to administer the resetting of mortgage rates in respect of that mortgage loan.

#### *Overview of process for resetting interest rates in respect of mortgage loans*

If any mortgage loan is the subject of a rate reset, the Seller is obliged by law to offer the related borrower proposed interest rates for at least three fixed term periods, each of which will commence on the proposed reset date and end no later than maturity date of the loan. The Seller will therefore provide Borrowers on an Interest Reset Proposal Date with Proposed Interest Rates for at least three fixed term periods. In case the Borrower does not respond to the offered Proposed Interest Rates within the stated response time, the Seller will determine the fixed term period.

Subject to any future change in law, no Borrower shall be offered a floating interest rate upon reset of a fixed rate mortgage loan.

#### **Responsibility for operating the interest rate resetting procedures on behalf of the Issuer prior to the occurrence of a Seller Interest Reset Termination Event**

##### *Appointment of the Seller to act on behalf of the Issuer*

The better view under Dutch law is that the right to set and reset the interest rate in respect of any mortgage loan is an ancillary right which is transferred to the Issuer with the related Mortgage Receivable (although due to a lack of case law it is not possible to be absolutely certain, as a matter of Dutch law, that the right has transferred until notification of the assignment to the Borrowers). 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 between the Seller and the Borrower relating to the resetting of interest rates.

Accordingly, the Issuer will in the Mortgage Receivables Purchase Agreement authorise the Seller by way of mandate (*lastgeving*) to reset the Mortgage Interest Rates in respect of the Mortgage Loans for the account of the Issuer, until the notification of the Borrowers of the Assignment following the occurrence of any Assignment Notification Event (a **Seller Interest Reset Termination Event**).

The Seller will on behalf of the Issuer determine the Mortgage Interest Rates in respect of any Mortgage Receivable for the purpose of any reset in accordance with the Seller Interest Rate Policy which is described below.

#### **Seller Interest Rate Policy**

The three key pillars of the Seller Interest Rate Policy which the Seller is required to comply with and take account of, in connection with its setting and resetting of interest rates are: (1) compliance with applicable laws and regulations and the terms and conditions of the Mortgage Loans (the **General Policy**); (2) consideration of the Seller's, the Issuer's and any other Elan Issuer's weighted average cost of capital, operating costs and cost of credit (the **Cost of Business**); and (3) comparison with the rates set by other market participants (the **Market Conditions**). If there is any conflict between the three pillars for the purposes of determining any interest rate in respect of any Mortgage Loan, the General Policy shall have the highest priority and thereafter the Market Conditions, provided that the rate following from the Market Conditions may not cause a loss to arise in respect of the Seller, the Issuer and any other Elan Issuer.

The order of priority of the relevant pillars applied by the Seller may adversely impact the transaction if the General Policy requires any interest rate to be lower than the Cost of Business. Please see *Proposed Interest*

*Rates may be lower than the Mortgage Receivables Swap Rates if this is required by the General Policy below.*

The Seller Interest Rate Policy is attached as a schedule to the Mortgage Receivables Purchase Agreement and a summary of the policy is set out below.

#### *General Policy*

The General Policy requires that the reset of the fixed rate of any mortgage loan be subject to and in accordance with:

- (a) the general terms and conditions applicable to the mortgage loans;
- (b) any mandatory applicable laws and regulations (including, without limitation, principles of reasonableness and fairness and competition laws);
- (c) any instruction received from any regulatory authority; and
- (d) any applicable industry self-regulation (such as the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*)) adhered to by the Seller from time to time.

#### *Cost of Business*

The pillar relating to the Cost of Business requires the fixed rate of any Mortgage Receivable to be reset by the Seller at a level that would not cause any of the Seller, the Issuer or any Elan Issuer to make losses taking into account each party's Cost of Business (i.e. its weighted average cost of capital, operating costs and reasonable estimate of its cost of credit). The Seller is required to take account of its own Cost of Business and the Cost of Business of any other Elan Issuer, in addition to the Issuer's Cost of Business, because the Seller must offer the same rate to new and current borrowers, whether or not the related mortgage loan is still owned by the Seller or is only administered by the Seller on behalf of the Issuer or any other Elan Issuer.

The Seller will for the purposes of taking into account its own weighted average cost of capital, operating costs and reasonable estimate of its cost of credit consider, among other things, the fees, costs and expenses of its agents from time to time and the historical losses which have arisen in relation to mortgage loans originated by it. It will also, to take account of its own cost of capital in respect of any mortgage loan which it wishes to offer any borrower, submit the proposed interest rate to the Elan Lender (or any agent acting on its behalf) so it can approve the proposed interest rate or suggest alternative pricing. The Elan Lender is entitled to approve the interest rate or suggest alternative pricing because it is the sole financier of the Seller and takes full economic exposure to the profits and losses arising from each mortgage loan originated and owned by the Seller.

The Seller will for the purposes of taking into account the Issuer's weighted average cost of capital, operating costs and reasonable estimate of its cost of credit at any time consider the following:

- (i) in respect of the Issuer's weighted average cost of capital: (A) the Mortgage Receivable Swap Rates for the Fixed Rate Mortgage Receivables at that time; and (B) the average Initial Margins on the Floating Rate Notes weighted against the size of the Floating Rate Notes and the rate of return on the Class RS Notes, being the discount rate discounting by which the future projected cash flows which are expected to be received under the Class RS Notes equates to the cash proceeds from the issuance of the Class RS Notes (as at the date on which the Issuer issued the Class RS Notes), weighted against the cash proceeds from the issuance of the Class RS Notes, each as at the date on which the Issuer issued Notes to Noteholders in November 2016;

- (ii) in respect of the Issuer's operating costs, the Issuer's senior transaction expenses at that time (i.e., items (a), (b), (c) and (cc) of the Revenue Priority of Payments); and
- (iii) in respect of the Issuer's reasonable estimate cost of credit, the Issuer's expected Realised Losses at that time.

If the Seller is required to reset the fixed rate of any Fixed Rate Mortgage Receivable and at that time the Seller is also setting or resetting the interest rate in respect of any other mortgage loan it is originating (or otherwise administering on behalf of another Elan Issuer), it will be required to take account of the highest Cost of Business in respect of the Issuer, the Seller (if it is originating a mortgage loan at that time) and any relevant Elan Issuer (if at that time it is resetting the interest rate of any mortgage loan owned by that Elan Issuer) to ensure that no party makes a loss after taking into account that party's weighted average cost of capital, operating costs and reasonable estimate of cost of credit. Accordingly, the interest rate offered to any Borrower in respect of any rate reset will be determined on the assumption that the highest Cost of Business out of the Issuer, the Seller or any relevant Elan Issuer is to be reflected in the relevant reset rate and any rate shall always be reset subject to, and in accordance with the Seller Interest Rate Policy and applicable laws, including, without limitation, principles of reasonableness and fairness, competition laws and the Mortgage Conditions.

#### *Market Conditions*

The Seller shall, unless it is required to do so in accordance with the General Policy or the guidelines below would lead to a loss of the Seller, the Issuer and any other Elan Issuer, reset the fixed rate of each Fixed Rate Mortgage Receivable in accordance with the following guidelines relating to Market Conditions:

- (a) the fixed Mortgage Interest Rates shall be reset primarily taking into account the capital market conditions, the cost of funds, the size of the portfolio of the Seller, the profit margin, the interests of the Elan Servicer and other relevant criteria to be determined by the Seller;
- (b) the fixed Mortgage Interest Rates offered by the Seller shall not be lower than 15 basis points in comparison to the fixed mortgage loan interest rate for substantively similar mortgage loans offered by the Price Leader according to [www.hypotheekbond.nl](http://www.hypotheekbond.nl);
- (c) the fixed Mortgage Interest Rates shall, in comparison to substantively similar products, not be higher than:
  - 50 basis points above the average of the fixed mortgage loan interest rates for the corresponding Mortgage Buckets offered by the mortgage credit providers ranked numbers 4-8 in terms of lowest rates according to [www.hypotheekbond.nl](http://www.hypotheekbond.nl) for fixed mortgage loan interest periods up to and including 10 (ten) years; and
  - 100 basis points above the average of the fixed mortgage loan interest rates for the corresponding Mortgage Buckets offered by the mortgage credit providers ranked numbers 4-8 in terms of lowest rates according to [www.hypotheekbond.nl](http://www.hypotheekbond.nl) for fixed mortgage loan interest periods longer than 10 (ten) years;
- (d) if the website [www.hypotheekbond.nl](http://www.hypotheekbond.nl) is no longer available or updated on a regular basis in line with market standards, an equivalent source of market mortgage interest rates will be agreed upon between the Seller and the Elan Servicer at such time; and
- (e) it being understood that if for any particular group of substantively similar products there is either an unusually low or an unusually high number of lenders offering such product, parties may agree on an alternative reference rate,

provided that Borrowers with the same risk profile will be offered the same fixed Mortgage Interest Rates and the same interest periods.

#### *Permitted changes to the Seller Interest Rate Policy*

The Seller is entitled to make certain amendments to the Seller Interest Rate Policy from time to time without the consent of the Issuer. However, no amendments may be made to the General Policy pillar and any amendments in respect of the Cost of Business pillar to the extent that would amend the requirement for the Seller to take into account the Issuer's Cost of Business.

#### **Responsibility for operating the interest rate resetting procedures on behalf of the Issuer following the occurrence of a Seller Interest Reset Termination Event**

##### *Appointment of the Portfolio Manager to act on behalf of the Issuer*

Upon a Seller Interest Reset Termination Event, the Seller's authority to set and determine the Mortgage Interest Rates shall terminate immediately and the Portfolio Manager will reset the Mortgage Interest Rates on behalf of the Issuer on the terms set out in the Interest Rate Reset Agreement.

The Portfolio Manager will on behalf of the Issuer determine the Mortgage Interest Rates in respect of any Mortgage Receivable for the purpose of any reset in accordance with the Portfolio Manager Interest Rate Policy and the Mortgage Conditions of the relevant Mortgage Receivable, subject to applicable laws (including, without limitation, principles of reasonableness and fairness and competition laws).

##### *Portfolio Manager Interest Rate Policy*

The Portfolio Manager Interest Rate Policy is attached as a schedule to the Portfolio Management Agreement and the policy is in all material respects identical to the Seller Interest Rate Policy, other than that the Portfolio Manager is required to reset the Mortgage Interest Rates by reference only to the Issuer's weighted average cost of capital, operating costs and reasonable estimate of cost of credit to prevent the Issuer from making losses, whereas the Seller Interest Rate Policy requires the Seller to reset the Mortgage Interest Rates by reference to each of the Seller's, the Issuer's or any Elan Issuer's (as applicable) weighted average cost of capital, operating costs and reasonable estimate of cost of credit to ensure no party incurs any loss.

#### **Mortgage Receivable Swap Rate**

As described above, a key input to take account of the Issuer's weighted average cost of capital in respect of any proposed reset of any fixed rate applicable to any Mortgage Receivable is for the Seller or the Portfolio Manager, as the case may be, to receive the proposed Mortgage Receivable Swap Rates prior to any proposed interest rates being offered to the relevant Borrower. The timing and process for obtaining the Mortgage Receivable Swap Rates to the Seller or the Portfolio Manager (as applicable) is described in more detail below.

The **Mortgage Receivable Swap Rate** means in respect of a Fixed Rate Mortgage Receivable and a Mortgage Receivable Reset Date to be submitted to the Seller or the Portfolio Manager, as the case may be, by the Back Swap Provider or the Swap Counterparty, respectively:

- (a) at any time prior to the termination of the Back Swap Agreement, the fixed rate of interest determined by the Back Swap Provider in respect of that Mortgage Receivable, which the Back Swap Provider has undertaken to the Swap Counterparty to be a rate determined on the terms described in paragraph (b) below (and for this purpose, any reference to "Swap Counterparty" shall be construed as reference to Back Swap Provider); and

- (b) at any time after the termination of the Back Swap Agreement, the fixed rate of interest that the Swap Counterparty would be willing to accept and receive from a counterparty as the swap rate under a balance guaranteed interest rate swap transaction entered into between the parties at that time with the same characteristics as the Issuer, including for the avoidance of doubt the same credit support annex and ISDA schedule, which takes account of:
- (i) the fixed term of the swap transaction;
  - (ii) the Euribor swap curve (i.e. a curve reflecting fixed rates (the swap rates) that would be payable under market standard euro-denominated interest rate swap transactions under which one party pays fixed and the other party pays three month Euribor over different tenors) to which the Swap Counterparty makes reference at that time;
  - (iii) the costs of the Swap Counterparty entering into the swap transaction (including, its own hedging costs); and
  - (iv) the gross profit which the Swap Counterparty is required to make in connection with the transaction equal to the swap intermediation fee fixed as at the Closing Date,

in consideration of the Swap Counterparty's offer and payment to that counterparty under the balance guaranteed interest rate swap transaction of a rate of interest calculated by reference to Euribor for three month deposits, such rates of interest to be applied to the relevant notional amount under the swap transaction, being an amount equal to the principal balance of the relevant Mortgage Receivable from time to time, to determine the scheduled payments to be made between the parties on a net basis in accordance with the terms of the transaction.

The weighted average Mortgage Receivable Swap Rate as at the Cut-Off Date (including the fixed fee calculated in accordance with subparagraph (iv) above), is 1.71 per cent.

The weighted average of the at-the-money vanilla swap rates of the Mortgage Receivables (calculated at time of origination of such Mortgage Receivables) is 1.20 per cent.

*Proposed Interest Rates may be lower than the Mortgage Receivables Swap Rates if this is required by the General Policy*

Although the Seller and the Portfolio Manager will have regard to the Mortgage Receivable Swap Rates determined by the Back Swap Provider or the Swap Counterparty, as the case may be, and the three pillars described in the paragraph headed "*Seller Interest Rate Policy*" above in determining the Proposed Interest Rates, if there is any conflict with the General Policy, the General Policy will always prevail. As a result, the Mortgage Interest Rates set in connection with an interest rate reset could be lower than the Mortgage Receivable Swap Rate payable by the Issuer to the Swap Counterparty under the swap interest rates.

Please refer to the Risk Factors under "*Risks relating to the procedure for resetting interest rates in respect of Mortgage Receivables purchased by the Issuer*" for a description of risks for Noteholders.

#### *Timeline for obtaining Mortgage Receivable Swap Rates*

The timeline for obtaining Mortgage Receivable Swap Rates for the purpose of resetting the Mortgage Interest Rate in respect of any Fixed Rate Mortgage Receivable on its related Interest Reset Date is as follows, whereby (i) T = Interest Reset Determination Date, and (ii) T-10 and -3 refer to the number of Business Days prior to or succeeding (as relevant) the Interest Reset Determination Date:

- (a) on the first day of the calendar month (or the next Business Day if such day is not a Business Day) preceding the Interest Reset Proposal Date for that Fixed Rate Mortgage Receivable, the Seller or the Portfolio Manager, as the case may be, will request from the Swap Counterparty (who prior to a Seller Interest Rate Termination Event shall on such date request the same from the Back Swap Provider), the indicative quotes for the Mortgage Receivable Swap Rate for at least three separate fixed term periods, each of which would begin on the Interest Reset Date and end no later than the original maturity of the relevant Fixed Rate Mortgage Receivable;
- (b) no later than T-10: the Swap Counterparty will provide the Seller or Portfolio Manager, as the case may be, with the indicative quotes for the relevant Mortgage Receivable Swap Rates; and
- (c) T-3: Prior to 12.00 CET the Swap Counterparty will ensure that the Seller or the Portfolio Manager, as the case may be, receives from the Swap Counterparty firm quotes for the Mortgage Receivable Swap Rate for each of the requested fixed rate interest periods or loan term to maturity.

The timeline set out above for obtaining a Mortgage Receivable Swap Rates may be adjusted from time to time in order to comply with mandatory provisions of applicable law and regulations.

*Notification of Mortgage Receivable Swap Rates for the purpose of resetting Mortgage Interest Rates*

At any time prior to the termination of the Back Swap Agreement, the Mortgage Receivable Swap Rates as determined by the Back Swap Provider will be notified to the Seller. The Seller shall inform the Issuer and the Elan Servicer of interest rates to be offered to the Borrowers accordingly.

At any time on or after the termination of the Back Swap Agreement, the Mortgage Receivable Swap Rates as determined by the Swap Counterparty will be notified to Portfolio Manager. The Portfolio Manager shall inform the Issuer and the Servicer of interest rates to be offered to the Borrowers accordingly.

## **8. GENERAL**

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 21 October 2016.

Application has been made for the Notes to be admitted to the official list and trading on the regulated market of Euronext Amsterdam. The estimated expenses relating to the admission to trading of the Notes on the regulated market of Euronext Amsterdam are approximately EUR 23,125.

2. The Class A Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321645 and ISIN XS1373216453.
3. The Class B Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321661 and ISIN XS1373216610.
4. The Class C Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321670 and ISIN XS1373216701.
5. The Class D Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321696 and ISIN XS1373216966.
6. The Class E Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321700 and ISIN XS1373217006.
7. The Class F Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 144201914 and ISIN XS1442019144.
8. The Class RS Notes have been accepted for deposit taking and settlement through Euroclear and Clearstream, Luxembourg and will bear common code 137321726 and ISIN XS1373217261.
9. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream, Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
10. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 16 February 2016.
11. There are no legal, arbitration or governmental proceedings and neither the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is/are aware, are any such proceedings pending or threatened against the Issuer or the Shareholder, respectively, in the previous twelve months.
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 and Pledge;

- (iv) the Paying Agency Agreement;
- (v) the Trust Deed (which includes further guidance on the exercise of the Portfolio Call Option and Remarketing Call Option);
- (vi) the Parallel Debt Agreement;
- (vii) the Issuer Rights Pledge Agreement;
- (viii) the Issuer Mortgage Receivables Pledge Agreement;
- (ix) the Servicing Agreement;
- (x) the Portfolio Management Agreement;
- (xi) the Administration Agreement;
- (xii) the Issuer Account Agreement;
- (xiii) the Master Definitions Agreement;
- (xiv) the Swap Agreement;
- (xv) the Interest Rate Reset Agreement;
- (xvi) the Collection Foundation Agreements;
- (xvii) the Deed of Charge; and
- (xviii) the Swap Collateral Custodian 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 and in electronic form on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).
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 Amsterdam, the most recent audited annual financial statements of the Issuer will be made available, free of charge from the specified offices of the Security Trustee and of the Paying Agent. The Issuer does not publish interim accounts.
15. U.S. tax legend:  
  
The Notes (other than the Temporary Global Notes) will bear a legend to the following effect: ‘Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code’.
16. The Issuer, or the Issuer Administrator on its behalf, will provide the following post-issuance transaction information on the transaction described in this Prospectus, which information, once made available, will remain available until the Class A Notes are redeemed in full:



- a. on a monthly basis, a Portfolio and Performance Report, which includes information on the performance of the Mortgage Receivables, including the arrears and the losses, and which can be obtained at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) (or any other website as disclosed by the Issuer);
  - b. on each Notes Payment Date, a Notes and Cash Report, which includes information on the Mortgage Receivables and on the Notes, which will contain a glossary of the defined terms, and which can be obtained at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) (or any other website as disclosed by the Issuer); and
  - c. loan-by-loan information, which information can be obtained (i) prior to the issue date upon request from the Seller and (ii) after the issue date at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html>, and which will be updated within one month after each Notes Payment Date.
17. Intertrust Administrative Services B.V., as Issuer Administrator on behalf of the Issuer, will make available to investors, from the issue date until the Notes are redeemed in full, a cash flow model of the transaction described in this Prospectus, via Bloomberg.
18. The accountants at Deloitte Accountants B.V. are registered accountants (*registeraccountants*) and are a member of the Netherlands Institute for Registered Accountants (*NBA*).
19. Important Information and responsibility statements:

The Issuer is responsible for the information contained 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 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 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 Issuer accepts such responsibility accordingly.

In addition to the Issuer, the Seller is also responsible for the information contained in the following sections of this Prospectus: paragraph *Portfolio Information* in Section 1.6 (*Overview*), Section 3.4 and Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of the Mortgage Loans*) and Section 6.3 (*Origination and Servicing*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

In addition to the Issuer, the Servicer is also responsible for the information in respect of it contained in Section 3.5 (*Servicer*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.5 (*Servicer*) is in accordance with the facts and does not omit anything likely to effect the import of such information. The Servicer accepts responsibility accordingly.

In addition to the Issuer, the Portfolio Manager is also responsible for the information in respect of it contained in Section 3.7 (*Portfolio Manager*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.7 (*Portfolio Manager*) is in accordance with the facts and does not omit

anything likely to effect the import of such information. The Portfolio Manager accepts responsibility accordingly.

In addition to the Issuer, the Swap Counterparty is also responsible for the information in respect of it contained in Section 3.8 (*Swap Counterparty*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.8 (*Swap Counterparty*) is in accordance with the facts and does not omit anything likely to effect the import of such information. The Swap Counterparty accepts responsibility accordingly.

In addition to the Issuer, the Swap Collateral Custodian is also responsible for the information in respect of it contained in Section 3.9 (*Swap Collateral Custodian*) of this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in respect of it contained in Section 3.9 (*Swap Collateral Custodian*) is in accordance with the facts and does not omit anything likely to effect the import of such information. The Swap Collateral Custodian accepts responsibility accordingly.

In addition to the Issuer, the Elan Lender is also responsible for the information contained in the paragraphs relating to retention and disclosure requirements under the EU Risk Retention Requirements. To the best of the Elan Lender's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable is in accordance with the facts and does not omit anything likely to affect the import of such information. The Elan Lender accepts responsibility accordingly.

*The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (See Section 4.4 (Regulatory and Industry Compliance)) (the **RMBS Standard**). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:*

- *if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;*
- *if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;*
- *if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term.*

## **8.2 Definitions**

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

+	<b>ABN AMRO</b> means ABN AMRO Bank N.V.;
+	<b>Account Bank</b> means each of the Issuer Account Bank and the Swap Collateral Custodian;
+	<p><b>Account Provider Requisite Credit Rating</b> means the rating of:</p> <p>(a) 'F1' (short-term issuer default rating) or 'A' (long-term issuer default rating) by Fitch;</p> <p>(b) 'A2' (long-term rating) or 'P-1' (short-term rating) by Moody's;</p>
	<b>Administration Agreement</b> means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
	<b>AFM</b> means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
+	<b>Aggregate Construction Deposit Amount</b> means on any day the aggregate of the Construction Deposits in respect of all Mortgage Loans at close of business on such day;
	<b>AIFMD</b> means the Directive No 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;
*	<b>AIFMR</b> means section 5 of the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as amended;
	<b>All Moneys Mortgage</b> means any mortgage right ( <i>hypotheekrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller;
	<b>All Moneys Pledge</b> means any right of pledge ( <i>pandrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller;
	<b>All Moneys Security Rights</b> means any All Moneys Mortgages and All Moneys Pledges collectively;
+	<p><b>Amortisation Condition</b> is the condition that the Outstanding Principal Amount of Mortgage Receivables on the last day of the immediately preceding Notes Calculation Period is less than 50 per cent. of the Outstanding Principal Amount of the Mortgage Receivables as at the Cut-Off Date, provided that:</p> <p>(i) none of the Seller, the Servicer or the Portfolio Manager is in default under any of the Transaction Documents;</p> <p>(ii) no Swap Termination Event has occurred;</p>

	<p>(iii) there is no debit balance outstanding on the Principal Deficiency Ledger or no debit balance will be outstanding on the immediately succeeding Notes Calculation Date taking into account calculations performed in accordance with the Redemption Priority of Payments; and</p> <p>(iv) the aggregate of the Realised Losses does not exceed 0.75 per cent. of the Outstanding Principal Amount of Mortgage Receivables as at the Cut-Off Date;</p>
*	<p><b>Annuity Mortgage Loan</b> means a mortgage loan or part thereof in respect of which 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;</p>
	<p><b>Arranger</b> means Goldman Sachs International;</p>
+	<p><b>Assignment Actions</b> means any of the actions specified as such in Section 7.1 (<i>Purchase, Repurchase and Sale</i>) of this Prospectus;</p>
+	<p><b>Assignment</b> means the transfer of the legal title to the Mortgage Receivables from the Seller to the Issuer by way of undisclosed assignment (<i>stille cessie</i>) by means of a private deed of assignment which is registered on the Closing Date with the Dutch tax authorities;</p>
	<p><b>Assignment Notification Event</b> means any of the events specified as such in Section 7.1 (<i>Purchase, Repurchase and Sale</i>) of this Prospectus;</p>
+	<p><b>Assignment Notification Stop Instruction</b> means on any Business Day following the occurrence of an Assignment Notification Event a written notice to the Seller (copied to the Issuer) instructing the Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions;</p>
+	<p><b>Available Further Advance and Unsold Property Portable Mortgage Deposit Amount</b> means an amount equal to the lower of (a) the sum of (i) the amount standing to the balance of the Further Advance and Unsold Property Portable Mortgage Account at the immediately preceding Notes Payment Date and (ii) the amount of unscheduled principal prepayments or repayments in respect of the Mortgage Receivables in the immediately preceding Notes Calculation Period, and (b) the product of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables at the end of the immediately preceding Notes Calculation Period and (ii) <math>1 - (1 - 2.5\%)^{(1/4)}</math> (quarterly equivalent of 2.5% CPR), provided that on the first Notes Payment Date the Further Advance and Unsold Property Portable Mortgage Account will be credited for an amount equal to the lower of (a) the unscheduled principal prepayments or repayments in respect of the Mortgage Receivables in the immediately preceding Notes Calculation Period and (b) the product of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables at the end of the immediately preceding Notes Calculation Period and (ii) <math>1 - (1 - 2.5\%)^{(1/4)}</math> (quarterly equivalent of 2.5% CPR);</p>
+	<p><b>Available Portability Deposit Amount</b> means the principal repayment amount of the relevant Portable Mortgage Loan in the Sold Property Portable Mortgage Account;</p>
	<p><b>Available Principal Funds</b> has the meaning ascribed thereto in Section 5.1 (<i>Available Funds</i>) of this Prospectus;</p>

	<b>Available Revenue Funds</b> has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	<b>Back Swap Agreement</b> means the back swap agreement dated 3 November 2016 entered into between the Swap Counterparty and the Back Swap Provider;
+	<b>Back Swap Provider</b> means Goldman Sachs International;
+	<b>Back Swap Transaction</b> means the swap transaction governed by the Back Swap Agreement and evidenced by a confirmation dated 3 November 2016;
+	<b>Back-up Servicer Facilitator</b> means BNP Paribas Securities Services, Luxembourg Branch, or any substitute or successor appointed from time to time;
	<b>Basel II</b> means the capital accord under the title “Basel II: International Convergence of Capital Measurement and Capital Standards Revised Framework” published on 26 June 2004 by the Basel Committee on Banking Supervision;
	<b>Basel III</b> means the capital accord amending Basel II under the title “Basel III: a global regulatory framework for more resilient banks and banking systems” published in December 2010 by the Basel Committee on Banking Supervision;
*	<b>Basic Terms Change</b> means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing the day on which payment of interest or principal in respect of any of the relevant Notes is due, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement and Call Option Exercise Priority of Payments, (vi) in the definition of Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) or the provisions for meetings of Noteholders as set out in Schedule 1 to the Trust Deed;
+	<b>Beneficiary</b> means a beneficiary under the Receivables Proceeds Distribution Agreement;
	<b>Beneficiary Rights</b> means all claims which the Seller has vis-à-vis the relevant Insurance Company in respect of a Risk Insurance Policy, under which the Seller has been appointed by the Borrower as beneficiary ( <i>begunstigde</i> ) in connection with the relevant Mortgage Receivable;
	<b>BKR</b> means National Credit Register ( <i>Bureau Krediet Registratie</i> );
+	<b>BNG Fee Letter</b> means the fee letter between the Issuer Account Bank, the Issuer and the Security Trustee dated 19 October 2016;
+	<b>BNP Luxembourg</b> means BNP Paribas Securities Services, Luxembourg Branch;
	<b>Borrower</b> means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, to a Mortgage Loan;
	<b>Borrower Insurance Pledge</b> means a right of pledge ( <i>pandrecht</i> ) created in favour of the Seller providing for the rights of the relevant pledgor against the relevant Insurance Company

	under the relevant Risk Insurance Policy securing the relevant Mortgage Receivable;
*	<b>Borrower Pledge</b> means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge;
*	<b>Business Day</b> means (i) when used in the definition of Notes Payment Date and in Condition 4(e) ( <i>Euribor</i> ), a TARGET 2 Settlement Day, provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and London and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;
+	<b>Class A Initial Reserve Account Required Amount</b> means an amount equal to 0.912 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class A Notes have been fully redeemed, in which case the Class A Initial Reserve Account Required Amount will be zero;
+	<b>Class A Notes</b> means the EUR 250,200,000 Class A mortgage-backed notes 2016 due January 2049;
+	<b>Class A Ongoing Reserve Account Required Amount</b> means the higher of (a) 0.912 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, on the last day of the immediately preceding Notes Calculation Period and (b) 0.456 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class A Notes have been fully redeemed, in which case the Class A Ongoing Reserve Account Required Amount will be zero;
+	<b>Class A Reserve Account Required Amount</b> means the Class A Initial Reserve Account Required Amount until the Amortisation Condition is met and the Class A Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
+	<b>Class A Reserve Ledger</b> means the reserve ledger relating to the Class A Notes;
+	<b>Class A Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class A Notes;
+	<b>Class B Initial Reserve Account Required Amount</b> means an amount equal to 0.128 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class B Notes have been fully redeemed, in which case the Class B Initial Reserve Account Required Amount will be zero;
+	<b>Class B Notes</b> means the EUR 6,900,000 Class B mortgage-backed notes 2016 due January 2049;
+	<b>Class B Ongoing Reserve Account Required Amount</b> means the higher of (a) 0.128 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, on the last day of the immediately preceding Notes Calculation Period and (b) 0.128 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet

	to be disbursed, as at the Cut-Off Date, unless the Class B Notes have been fully redeemed, in which case the Class B Ongoing Reserve Account Required Amount will be zero;
+	<b>Class B Reserve Account Required Amount</b> means the Class B Initial Reserve Account Required Amount until the Amortisation Condition is met and the Class B Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
+	<b>Class B Reserve Ledger</b> means the reserve ledger relating to the Class B Notes;
+	<b>Class B Senior Interest Deficiency Ledger</b> means the Senior Interest Deficiency Ledger in respect of the Class B Notes;
+	<b>Class B Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class B Notes;
+	<b>Class C Initial Reserve Account Required Amount</b> means an amount equal to 0.024 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class C Notes have been fully redeemed, in which case the Class C Initial Reserve Account Required Amount will be zero;
+	<b>Class C Notes</b> means the EUR 6,700,000 Class C mortgage-backed notes 2016 due January 2049;
+	<b>Class C Ongoing Reserve Account Required Amount</b> means the higher of (a) 0.024 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, on the last day of the immediately preceding Notes Calculation Period and (b) 0.024 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class C Notes have been fully redeemed, in which case the Class C Ongoing Reserve Account Required Amount will be zero;
+	<b>Class C Reserve Account Required Amount</b> means the Class C Initial Reserve Account Required Amount until the Amortisation Condition is met and the Class C Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
+	<b>Class C Reserve Ledger</b> means the reserve ledger relating to the Class C Notes;
+	<b>Class C Senior Interest Deficiency Ledger</b> means the Senior Interest Deficiency Ledger in respect of the Class C Notes;
+	<b>Class C Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class C Notes;
+	<b>Class D Initial Reserve Account Required Amount</b> means an amount equal to 0.013 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class D Notes have been fully redeemed, in which case the Class D Initial Reserve Account Required Amount will be zero;
+	<b>Class D Notes</b> means the EUR 3,700,000 Class D mortgage-backed notes 2016 due January 2049;

+	<b>Class D Ongoing Reserve Account Required Amount</b> means the higher of (a) 0.013 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, on the last day of the immediately preceding Notes Calculation Period and (b) 0.013 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class D Notes have been fully redeemed, in which case the Class D Ongoing Reserve Account Required Amount will be zero;
+	<b>Class D Reserve Account Required Amount</b> means the Class D Initial Reserve Account Required Amount until the Amortisation Condition is met and the Class D Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
+	<b>Class D Reserve Ledger</b> means the reserve ledger relating to the Class D Notes;
+	<b>Class D Senior Interest Deficiency Ledger</b> means the Senior Interest Deficiency Ledger in respect of the Class D Notes;
+	<b>Class D Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class D Notes;
+	<b>Class E Initial Reserve Account Required Amount</b> means an amount equal to 0.016 per cent. of the Outstanding Principal Amount of the Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class E Notes have been fully redeemed, in which case the Class E Initial Reserve Account Required Amount will be zero;
+	<b>Class E Notes</b> means the EUR 4,400,000 Class E mortgage-backed notes 2016 due January 2049;
+	<b>Class E Ongoing Reserve Account Required Amount</b> means the higher of (a) 0.016 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, on the last day of the immediately preceding Notes Calculation Period and (b) 0.016 per cent. of the Outstanding Principal Amount of Mortgage Receivables, excluding the amount of Construction Deposits that are yet to be disbursed, as at the Cut-Off Date, unless the Class E Notes have been fully redeemed, in which case the Class E Ongoing Reserve Account Required Amount will be zero;
+	<b>Class E Reserve Account Required Amount</b> means the Class E Initial Reserve Account Required Amount until the Amortisation Condition is met and the Class E Ongoing Reserve Account Required Amount after the Amortisation Condition is met;
+	<b>Class E Reserve Ledger</b> means the reserve ledger relating to the Class E Notes;
+	<b>Class E Senior Interest Deficiency Ledger</b> means the Senior Interest Deficiency Ledger in respect of the Class E Notes;
+	<b>Class E Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class E Notes;
	<b>Class F Notes</b> means the EUR 3,600,000 Class F mortgage-backed notes 2016 due January 2049;



+	<b>Class F Senior Interest Deficiency Ledger</b> means the Senior Interest Deficiency Ledger in respect of the Class F Notes;
+	<b>Class F Subordinated Interest Deficiency Ledger</b> means the Subordinated Interest Deficiency Ledger in respect of the Class F Notes;
+	<b>Class RS Note Amount</b> has the meaning ascribed thereto in Condition 4(j) ( <i>Interest</i> );
+	<b>Class RS Notes</b> means the EUR 20,000,000 Class RS notes 2016 due January 2049;
+	<b>Class RS Notes Interest Amount</b> means, prior to the delivery of an Enforcement Notice, an amount equal to the Available Revenue Funds remaining after all items ranking above item (ee) of the Revenue Priority of Payments have been paid in full;
	<b>Clearstream, Luxembourg</b> means Clearstream Banking, société anonyme;
	<b>Closing Date</b> means 7 November 2016 or such later date as may be agreed between the Issuer and the Lead Manager;
+	<b>Code</b> means the U.S. Internal Revenue Code of 1986;
*	<b>Code of Conduct</b> means the Mortgage Code of Conduct ( <i>Gedragcode Hypothecaire Financieringen</i> ) introduced in January 2007 by the Dutch Association of Banks ( <i>Nederlandse Vereniging van Banken</i> ), as amended from time to time;
+	<b>Collection Foundation</b> means Stichting Dynamic Credit Woninghypotheken Ontvangsten (expected to be renamed Stichting Elan Woninghypotheken Ontvangsten within 3 months following the Closing Date);
+	<b>Collection Foundation Account</b> means the bank account with the Collection Foundation Account Provider with number NL89ABNA0449424790 or any bank account with a successor Collection Foundation Account Provider replacing this account;
+	<b>Collection Foundation Account Provider</b> means ABN AMRO Bank N.V. or any substitute or successor appointed from time to time;
+	<b>Collection Foundation Account Provider Requisite Credit Rating</b> means the rating of:  (a) 'F1' (short-term issuer default rating) or 'A' (long-term issuer default rating) by Fitch;  (b) 'A2(cr)' (long term counterparty risk assessment) or 'P-1(cr)' (short term counterparty risk assessment) by Moody's;
+	<b>Collection Foundation Administrator</b> means Quion Services B.V. or any substitute or successor appointed from time to time;
+	<b>Collection Foundation Account Pledge Agreement</b> means the collection foundation account pledge agreement between the Issuer, the Security Trustee, the Seller and the Collection Foundation dated 15 March 2016;
+	<b>Collection Foundation Agreements</b> means the Collection Foundation Account Pledge Agreement and the Receivables Proceeds Distribution Agreement and any accession notices in

	relation thereto;
+	<b>Compensation Ledger</b> means the ledger of the Collection Foundation Account created for the purpose of recording any compensation payments payable by the Elan Servicer to the Issuer in relation to a breach of Mortgage Loan Criteria or of any representations and warranties made in respect of any Mortgage Receivable, irrespective of whether it constitutes a Key Representation;
+	<b>Compensation Notice</b> means a written notice of the Issuer to the Elan Servicer of its intention to make a claim for payment of the Pre-agreed Compensation Amount;
+	<b>Compensation Payments</b> means the compensation amounts the Elan Servicer is obliged to pay to the Issuer in relation to a breach of Mortgage Loan Criteria or of any representations and warranties made in respect of any Mortgage Receivable, irrespective of whether it constitutes a Key Representation;
	<b>Conditions</b> means the terms and conditions of the Notes set out in Schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;
	<b>Construction Deposit</b> means in respect of a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be withheld by the Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;
	<b>Construction Deposit Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
+	<b>Construction Deposit Amount</b> means on any day the Construction Deposit relating to a Further Advance or New Ported Mortgage Loan at close of business on such day;
+	<b>Construction Mortgage Loan</b> means a Mortgage Loan in relation to which a part of the Mortgage Loan is withheld by the Seller as a Construction Deposit by the relevant Borrower;
+	<b>Cost of Business</b> means the pillar of the Interest Rate Policies which the Seller or the Portfolio Manager, as the case may be, takes into account in consideration of the Seller's, the Issuer's and any other Elan Issuer's, as the case may be, weighted average cost of capital, operating costs and cost of credit;
	<b>Coupons</b> means the interest coupons appertaining to the Notes;
+	<b>CPR</b> means constant prepayment rate;
	<b>CRA Regulation</b> means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 and as amended by Regulation EU No 462/2013 of 21 May 2013;
+	<b>CRD IV</b> means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;

	<p><b>Credit Rating Agency</b> means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's;</p>
	<p><b>Credit Rating Agency Confirmation</b> means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide confirmation, receipt by the Security Trustee, in a form and substance that is satisfactory to the Security Trustee, of:</p> <ul style="list-style-type: none"> <li>(a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a <b>confirmation</b>);</li> <li>(b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an <b>indication</b>); or</li> <li>(c) if no confirmation or indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: <ul style="list-style-type: none"> <li>(i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider that any confirmation is required or (y) it is not in line with its policies to provide a confirmation; or</li> <li>(ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency;</li> </ul> </li> </ul>
*	<p><b>CRR</b> means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended from time to time, and includes any regulatory technical standards, implementing technical standards and guidance issued by the European Banking Authority or any successor body, from time to time;</p>
+	<p><b>Current Loan to Original Foreclosure Value Ratio</b> means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Foreclosure Value;</p>
+	<p><b>Current Loan to Original Market Value Ratio</b> means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Market Value;</p>
	<p><b>Cut-Off Date</b> means 31 May 2016;</p>
+	<p><b>DCP</b> means Dynamic Credit Partners Europe B.V.;</p>

	<b>Deed of Assignment and Pledge</b> means a deed of assignment and pledge, or a deed of sale, assignment and pledge, as applicable, in the form set out in the Mortgage Receivables Purchase Agreement;
+	<b>Deed of Charge</b> means the English law deed of charge over the Swap Collateral Accounts dated on or about the Signing Date between the Issuer and the Security Trustee;
	<b>Definitive Notes</b> means Notes in definitive bearer form in respect of any Class of Notes;
+	<b>Deposit Agreement</b> means the deposit agreement between the Seller, the Servicer, the Issuer, the Security Trustee and the Agent (as defined therein) dated the Signing Date;
	<b>Directors</b> means the Issuer Director, the Shareholder Director and the Security Trustee Director, collectively and <b>Director</b> means any one of them as the context may require;
	<b>DNB</b> means the Dutch central bank ( <i>De Nederlandsche Bank N.V.</i> );
+	<b>Dodd-Frank Act</b> means the Dodd-Frank Wall Street Reform and Consumer Protection Act;
	<b>DSA</b> means the Dutch Securitisation Association;
+	<b>Dutch Civil Code</b> means the <i>Burgerlijk Wetboek</i> ;
+	<b>ECB</b> means the European Central Bank;
+	<b>Elan Credit Facility</b> means the secured euro revolving credit facility provide by the Eland Lender to the Seller which has a maximum facility limit of EUR 750,000,000 as at the Closing Date;
+	<b>Elan Issuer</b> means each securitisation special purpose company established for the purpose of securitising mortgage loans originated by the Seller pursuant to a securitisation transaction;
+	<b>Elan Lender</b> means Goldman Sachs Lending Partners LLC;
+	<b>Elan Portfolio Manager</b> means Dynamic Credit Partners Europe B.V. in its capacity as the portfolio manager and agent of the Seller, or any substitute or successor appointed from time to time;
+	<b>Elan Servicer</b> means Quion Services B.V. in its capacity as the servicer and agent of the Seller, or any substitute or successor appointed from time to time;
+	<b>Election Period</b> means a period of ten (10) Business Days after the expiry of a Compensation Notice;
+	<b>EMIR</b> means Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
+	<p><b>Enforcement Available Amount</b> means amounts corresponding to the sum of:</p> <p>(a) amounts recovered (<i>verhaald</i>) in accordance with article 3:255 of the Dutch Civil Code by the Security Trustee under any of the Pledge Agreements to which the Security Trustee is a party in relation to the Pledged Assets; and, without double</p>

	counting; and
	<p>(b) any amounts received by the Security Trustee in connection with the Parallel Debt (as set out in the Parallel Debt Agreement which the Security Trustee enters into for the benefit of the Secured Creditors),</p> <p>in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors pursuant to the Trust Deed and (ii) any costs, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;</p>
	<b>Enforcement Date</b> means the date of an Enforcement Notice;
	<b>Enforcement Notice</b> means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 ( <i>Events of Default</i> );
	<b>EONIA</b> means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;
+	<b>Escrow List of Loans</b> means, at the Closing Date, the list providing the details of the Mortgage Loans as set out in Schedule 1 to the Mortgage Receivables Purchase Agreement, and at each relevant Notes Payment Date, the list providing the details of the Mortgage Loans as set out in the relevant Deed of Assignment and Pledge, which list includes (a) the name and address of the Borrower and (b) the address of the Mortgaged Asset, if different from (a), and which list shall be held in escrow by a civil law notary as provided for in the Deposit Agreement;
	<b>ESMA</b> means the European Securities and Markets Authority;
	<b>EUR, euro or €</b> means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;
	<b>Euribor</b> has the meaning ascribed thereto in Condition 4 ( <i>Interest</i> );
+	<b>Euribor Reference Banks</b> has the meaning ascribed to it in Condition 4 ( <i>Interest</i> );
	<b>Euroclear</b> means Euroclear Bank SA/NV;
	<b>Euronext Amsterdam</b> means Euronext in Amsterdam;
+	<b>Eurosystem</b> means the rules of the monetary authority of the euro area;
	<b>Eurosystem Eligible Collateral</b> means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;
+	<b>EU Risk Retention Requirements</b> means the requirements set out in Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation;
	<b>Events of Default</b> means any of the events specified as such in Condition 10 ( <i>Events of</i>

	<i>Default</i> );
+	<b>Excess Swap Collateral</b> means, (x) in respect of the date the 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 (for the avoidance of doubt, calculated prior to any netting in respect of such collateral under the Swap Agreement) 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 liability under the Swap Agreement on such date, or (z) collateral, which, in any case, the Swap Counterparty is otherwise entitled to have returned to it under the terms of the Swap Agreement;
+	<b>Exchange Act</b> means the United States Securities Exchange Act of 1934, as amended;
	<b>Exchange Date</b> means the date not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;
+	<b>Extension Margin</b> means the margin applicable to each Class of Notes from (but excluding) the First Optional Redemption Date in accordance with Condition 4(d) ( <i>Interest on the Floating Rate Notes following the First Optional Redemption Date</i> );
*	<b>Extraordinary Resolution</b> means a resolution passed at a Meeting duly convened and held by the Noteholders of one or more Class or Classes, as the case may be, by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least seventy-five (75) per cent. of the validly cast votes;
+	<b>FATCA Withholding</b> means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);
	<b>Final Maturity Date</b> means the Notes Payment Date falling in January 2049;
	<b>First Optional Redemption Date</b> means the Notes Payment Date falling in October 2021;
	<b>Fitch</b> means Fitch Ratings Ltd., and includes any successor to its rating business;
+	<b>Fixed Rate Mortgage Receivables</b> means the Mortgage Receivables owned by the Issuer excluding any Mortgage Receivable with a floating rate of interest;
+	<b>Floating Interest Amount</b> means the amount of interest payable on each of 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 for the following Interest Period;
+	<b>Floating Rate Notes</b> means each of 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;
+	<b>Forced Sale Proceeds</b> means, with respect to a Mortgage Loan, the proceeds (after deducting

	all costs and expenses incurred by the Issuer or its agents on its behalf (including legal and other enforcement costs relating thereto)) of the sale of the relevant Mortgaged Asset with the cooperation of the relevant Borrower received by the Issuer, or, if the proceeds of such sale are not received by the Issuer within six (6) months after the date on which such property is first marketed for sale, either the proceeds of foreclosure ( <i>executie</i> ) on the relevant Mortgage received by the Issuer or, if so elected by the Issuer at its sole discretion following consultation with the Elan Servicer, an amount equal to the Foreclosure Value ( <i>executiewaarde</i> ) as determined by an Independent Valuer;
	<b>Foreclosure Value</b> means the foreclosure value of the Mortgaged Asset;
+	<b>Funding Adjustment Costs</b> means an amount calculated on the first Notes Calculation Date equal to the sum of (i) the Swap Fixed Rate multiplied by the Swap Notional Amount multiplied by the number of calendar days from, and including, the Cut-Off Date to, but excluding, the Closing Date divided by 360 and (ii) the Initial Margin multiplied by the aggregate Principal Amount Outstanding of the Floating Rate Notes) multiplied by the number of calendar days from, and including, the Cut-Off Date to, but excluding, the Closing Date divided by 360;
*	<b>Further Advance</b> means, in respect of a Mortgage Loan, (i) a further advance made under a Mortgage Loan which will be secured by the same Mortgage as the loan previously disbursed under such Mortgage Loan ( <i>verhoogde inschrijving</i> ) and (ii) a further advance made under a Mortgage Loan which will be secured by a second or sequentially lower ranking Mortgage which ranks immediately behind the Mortgage securing the loan previously disbursed under such Mortgage Loan ( <i>verhoging</i> ), or (iii) a withdrawal of moneys which were previously repaid to redeem the Mortgage Loan ( <i>heropname</i> ), in each case in accordance with the Mortgage Conditions;
+	<b>Further Advance and Unsold Property Portable Mortgage Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
+	<b>Further Advance Purchase Conditions</b> has the meaning ascribed to it in Section 7.1 ( <i>Portfolio Information</i> ) of this Prospectus;
	<b>Further Advance Receivable</b> means a Mortgage Receivable resulting from a Further Advance;
+	<b>General Policy</b> means the pillar of the Interest Rate Policy of the Seller or the Portfolio Manager, as the case may be, relating to compliance with applicable laws and regulations and the terms and conditions of the Mortgage Loans;
	<b>Global Note</b> means any Temporary Global Note or Permanent Global Note;
	<b>Higher Ranking Class</b> means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to each Class of Notes which has or has not been previously redeemed or written off in full in the Post-Enforcement and Call Option Exercise Priority of Payments;
+	<b>Independent Valuer</b> means a person which is a Taxateur ( <i>valuer</i> ) as defined in the Nationale Hypotheek Garantie conditions, as amended from time to time;
*	<b>Indexed Foreclosure Value</b> means 85 per cent. of the Indexed Market Value;

	<b>Indexed Market Value</b> means the market value calculated by indexing the Market Value of the Mortgaged Asset with a property price index (weighted average of houses and apartment prices), as provided by the Land Registry for the province where the property is located;
+	<b>Initial Margin</b> means the margins which will be applicable up to and including the First Optional Redemption Date and be equal to 0.390 per cent. per annum for the Class A Notes, 1.850 per cent. per annum for the Class B Notes, 2.600 per cent. per annum for the Class C Notes, 3.500 per cent. per annum for the Class D Notes, 4.500 per cent. per annum for the Class E Notes and 5.000 per cent. per annum for the Class F Notes, in accordance with Condition 4(c) ( <i>Interest on the Floating Rate Notes up to and including the First Optional Redemption Date</i> );
*	<b>Initial Purchase Price</b> means, in respect of one or more Mortgage Receivable(s), its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a New Ported Mortgage Receivable or a Further Advance Receivable, on the relevant date of granting of the related New Ported Mortgage Loan or Further Advance;
+	<b>Initial Remedy Period</b> means (i) in respect of Moody's, 30 Business Days and (ii) in respect of Fitch, 14 calendar days;
+	<b>Initial Required Ratings</b> means, in respect of the Swap Counterparty, (i) in respect of Moody's, a long-term, unsecured and unsubordinated debt rating of 'A3' or a counterparty risk assessment of 'A3(cr)', and (ii) in respect of Fitch, a long-term issuer default rating (or derivatives counterparty rating, if assigned) of 'A' or a short-term issuer default rating of 'F1';
+	<b>Initial Reserve Account Required Amount</b> means the sum of the Class A Initial Reserve Account Required Amount, the Class B Initial Reserve Account Required Amount, the Class C Initial Reserve Account Required Amount, the Class D Initial Reserve Account Required Amount and the Class E Initial Reserve Account Required Amount;
	<b>Insurance Company</b> means any insurance company established in the Netherlands;
	<b>Interest Deficiency Ledger</b> means the interest deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;
+	<b>Interest Determination Date</b> has the meaning ascribed thereto in Condition 4(e) ( <i>Euribor</i> );
	<b>Interest Period</b> means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in January 2017 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
	<b>Interest Rate</b> means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 ( <i>Interest</i> );
+	<b>Interest Rate Policies</b> means the Portfolio Manager Interest Rate Policy and the Seller Interest Rate Policy;
+	<b>Interest Rate Reset Agreement</b> means the interest rate reset agreement between the Issuer, the Seller, the Issuer Administrator, the Portfolio Manager, the Swap Counterparty, the Back Swap Provider and the Security Trustee, dated the Signing Date;



+	<b>Interest Reconciliation Ledger</b> means the ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;
+	<b>Interest Reset Date</b> means, in respect of a Mortgage Loan, the date on which the Mortgage Interest Rate of such Mortgage Loan is scheduled to be reset in accordance with its Mortgage Conditions;
+	<b>Interest Reset Determination Date</b> means, in respect of an Interest Reset Proposal Date, any date as may be determined by the Servicer, which is at least two Business Days prior to such Interest Reset Proposal Date;
+	<b>Interest Reset Proposal Date</b> means, in respect of a Mortgage Loan, the first calendar day of the month falling three months prior to the relevant Interest Reset Date, unless this day is not a Business Day, in which case the Interest Reset Proposal Date will be the last Business Day immediately prior to the first calendar day of the month falling three months prior to the relevant Interest Reset Date;
	<b>Interest-only Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;
	<b>Interest-only Mortgage Receivable</b> means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;
	<b>Investor Report</b> means either of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;
	<b>Issuer</b> means DCDML 2016-1 B.V., a private company with limited liability incorporated under Dutch law and established in Amsterdam, the Netherlands;
	<b>Issuer Account Agreement</b> means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date, including the BNG Fee Letter;
	<b>Issuer Account Bank</b> means N.V. Bank Nederlandse Gemeenten or any substitute or successor appointed from time to time;
	<b>Issuer Accounts</b> means any of the Issuer Transaction Accounts, the Construction Deposit Account, the Sold Property Portable Mortgage Account and the Further Advance and Unsold Property Portable Mortgage Account;
	<b>Issuer Administrator</b> means Intertrust Administrative Services B.V. or any substitute or successor appointed from time to time;
	<b>Issuer Collection Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement or any bank account with a successor Issuer Account Bank replacing this account;
+	<b>Issuer Collection Account Funds</b> means, on any day, the balance standing to the credit of the Issuer Collection Account at the closing of business on such day;

+	<b>Issuer Director</b> means Intertrust Management B.V. or any substitute or successor appointed from time to time;
	<b>Issuer Management Agreement</b> means the issuer management agreement between the Issuer, Intertrust Management B.V. and the Security Trustee dated the Signing Date;
	<b>Issuer Mortgage Receivables Pledge Agreement</b> means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;
	<b>Issuer Rights</b> means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement, the Issuer Account Agreement including the balance on the Issuer Accounts, the Servicing Agreement, the Administration Agreement, the Swap Agreement, the Receivables Proceeds Distribution Agreement, the Portfolio Management Agreement, the Swap Collateral Custodian Agreement and the Reporting Services Agreement;
	<b>Issuer Rights Pledge Agreement</b> means the issuer rights pledge agreement between, amongst others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;
+	<b>Issuer Services</b> means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee pursuant to the Administration Agreement;
	<b>Issuer Transaction Accounts</b> means either of the Issuer Collection Account and the Reserve Account;
+	<b>Key Representations</b> means Mortgage Loan Criteria (ii), (iii), (v), (vii), (viii), (x), (xxiii), (xxiv) and (xliii);
+	<b>Key Representation Remedy Period</b> means a period of sixty (60) Business Days commencing upon notification of a breach of any Key Representation in which the Elan Servicer can remedy the breach;
	<b>Land Registry</b> means the Dutch land registry ( <i>het Kadaster</i> );
+	<b>Lead Manager</b> means Goldman Sachs International;
	<b>Linear Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;
	<b>Linear Mortgage Receivable</b> means the Mortgage Receivable resulting from a Linear Mortgage Loan;
+	<b>Listing Agency Agreement</b> means the listing agency agreement between the Issuer and the Listing Agent dated the Signing Date;
	<b>Listing Agent</b> means ABN AMRO Bank N.V. or any substitute or successor appointed from time to time;

+	<b>Loan Files</b> means the electronic file or files relating to each Mortgage Loan containing, among other things, (i) all material correspondence relating to that Mortgage Loan; and (ii) the Mortgage Deed;
*	<b>Loan Parts</b> means one or more of the loan parts ( <i>leningdelen</i> ) of which a Mortgage Loan consists, it being the case that a Mortgage Loan may consist of more than one loan part because it is a combination of a Linear Mortgage Loan, Annuity Mortgage Loan and/or Interest-only Mortgage Loan with each type of loan representing a single loan part of the entire mortgage loan or because a Further Advance has been made in respect of the Mortgage Loan which is its own loan part separate from the original loan;
+	<b>Local Business Day</b> has the meaning ascribed thereto in Condition 5(c) ( <i>Payment</i> );
+	<b>LTV Contingent Compensation Amount</b> means such part of an amount equal to the positive difference between (a) the aggregate amount of such Mortgage Loan and (b) the maximum amount the Seller would have granted to the Borrower taking into consideration (X) the Underwriting Criteria prevailing at that time and (Y) the Market Value of the Mortgaged Asset determined by an independent valuer appointed by the Seller, at the time of the origination of such Mortgage Loan to be paid by the Elan Servicer into the Collection Foundation, if a Mortgage Loan has been granted to a Borrower in the absence of a valuation report ( <i>taxatierapport</i> ) on the Mortgaged Asset which complies with the requirements set forth in the Mortgage Loan Criteria or based on a valuation report ( <i>taxatierapport</i> ) relating to the Mortgaged Asset older than twelve (12) months on the date of the origination of such Mortgage Loan, that needs to be paid to the Issuer if a Mortgage Loan is not (p)repaid in full;
+	<b>Majority RS Noteholder</b> means (a) (where the Class RS Notes are represented by Definitive Notes) the holder of more than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes or (where the Class RS Notes are represented by a Global Note) the person who holds the beneficial interest in more than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes or (b) where no person holds greater than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes or, as applicable, beneficial interest in more than 50 per cent. of the Principal Amount Outstanding of the Class RS Notes, the person who holds the greatest amount of Class RS Notes by reference to the Principal Amount Outstanding or, as applicable, beneficial interest in the greatest amount of Class RS Notes by reference to the Principal Amount Outstanding;
	<b>Management Agreement</b> means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;
+	<b>Margin</b> means each of the Initial Margin and the Extension Margin;
+	<b>Market Conditions</b> means the pillar of the Interest Rate Policies which the Seller or the Portfolio Manager, as the case may be, takes into account in consideration of a comparison with the rates set by other market participants;
	<b>Market Value</b> means (i) the market value ( <i>marktwaaarde</i> ) of the relevant Mortgaged Asset based on the most recent valuation by an external valuer or (ii) in respect of a Mortgaged Asset that is renovated and where a Construction Deposit has been requested in relation to the connected Mortgage Loan, the market value ( <i>marktwaaarde</i> ) of such Mortgaged Asset based on a valuation by an external valuer after the renovation has been completed;

	<b>Master Definitions Agreement</b> means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;
+	<b>Meeting</b> means a meeting of Noteholders of a Class or Classes;
+	<b>Modification Certificate</b> means a certificate to be provided by the Issuer, Collection Foundation Account Provider, the Issuer Account Bank, the Swap Collateral Custodian and/or the Swap Counterparty and/or the relevant Transaction Party, as the case may be, pursuant to Condition 14(e)(iii), 14(e)(iv), 14(e)(v)(i), 14(e)(v)(ii)(A) or 14(e)(v)(ii)(B)(I);
	<b>Moody's</b> means Moody's Investors Service Ltd., and includes any successor to its rating business;
	<b>Mortgage</b> means a mortgage right ( <i>hypotheekrecht</i> ) securing the relevant Mortgage Receivables;
+	<b>Mortgage Bucket</b> means a category of mortgages with broadly similar characteristics such as the fixed rate period, the repayment type, loan to market value bucket and Nationale Hypotheekgarantie versus non-Nationale Hypotheekgarantie;
*	<b>Mortgage Calculation Date</b> means a Business Day after the last day of each Mortgage Calculation Period and before the Mortgage Collection Payment Date falling on the 5th Business Day of each Mortgage Calculation Period;
	<b>Mortgage Calculation Period</b> 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 (and includes) the Cut-Off Date and ends on (and includes) the last day of December 2016;
*	<b>Mortgage Collection Payment Date</b> means (i) with respect to scheduled interest and scheduled principal payments under the Mortgage Loans, the fourteenth calendar day of each Mortgage Calculation Period (or the next Business Day if such day is not a Business Day), and (ii) with respect to any other payments under the Mortgage Loans, including but not limited to unscheduled principal prepayments or repayments, Prepayment Penalties or interest penalties under the Mortgage Loans, the fifth Business Day of each Mortgage Calculation Period;
	<b>Mortgage Conditions</b> means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;
+	<b>Mortgage Deeds</b> means notarially certified copies of the notarial deeds constituting the Mortgage Loans;
+	<b>Mortgage Interest Rates</b> means the rate(s) of interest from time to time chargeable to Borrowers under the Mortgage Receivables;
	<b>Mortgage Loan Criteria</b> means the criteria relating to the Mortgage Loans set forth as such in Section 7.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;
	<b>Mortgage Loan Services</b> means the services to be provided by the Servicer to the Issuer and

	the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;
*	<b>Mortgage Loans</b> means (i) the mortgage loans granted by the Seller to the relevant borrowers (which may consist of one or more Loan Parts) set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and (ii) after any purchase and assignment of any New Ported Mortgage Receivables and/or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Ported Mortgage Loan and/or Further Advances, in each case, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
	<b>Mortgage Receivable</b> means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) against the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;
+	<b>Mortgage Receivable Reset Date</b> means for any Fixed Rate Mortgage Receivable (or part thereof), the later of (i) the Cut-Off Date, (ii) the date such Fixed Rate Mortgage Receivable (or part thereof) became a Fixed Rate Mortgage Receivable, and (iii) the date on which the fixed rate payable under such Fixed Rate Mortgage Receivable (or part thereof) was most recently reset;

+	<p><b>Mortgage Receivable Swap Rate</b> means in respect of a Fixed Rate Mortgage Receivable and a Mortgage Receivable Reset Date to be submitted to the Seller or the Portfolio Manager, as the case may be, by the Back Swap Provider or the Swap Counterparty, respectively:</p> <ul style="list-style-type: none"> <li>(a) at any time prior to the termination of the Back Swap Agreement, the fixed rate of interest determined by the Back Swap Provider in respect of that Mortgage Receivable, which the Back Swap Provider has undertaken to the Swap Counterparty to be a rate determined on the terms described in paragraph (b) below (and for this purpose, any reference to “Swap Counterparty” shall be construed as reference to the Back Swap Provider); and</li> <li>(b) at any time after the termination of the Back Swap Agreement, the fixed rate of interest that the Swap Counterparty would be willing to accept and receive from a counterparty as the swap rate under a balance guarantee interest rate swap transaction entered into between the parties at that time with the same characteristics as the Issuer, including for the avoidance of doubt the same credit support annex and ISDA schedule, which takes account of: <ul style="list-style-type: none"> <li>(i) the fixed term of the swap transaction;</li> <li>(ii) the Euribor swap curve (i.e. a curve reflecting fixed rates (the swap rates) that would be payable under market standard euro-denominated interest rate swap transactions under which one party pays fixed and the other party pays three month Euribor over different tenors) to which the Swap Counterparty makes reference at that time;</li> <li>(iii) the costs of the Swap Counterparty entering into the swap transaction (including, its own hedging costs); and</li> <li>(iv) the gross profit which the Swap Counterparty is required to make in connection with the transaction equal to the swap intermediation fee fixed as at the Closing Date,</li> </ul> </li> </ul> <p>in consideration of the Swap Counterparty’s offer and payment to that counterparty under the balance guarantee interest rate swap transaction of a rate of interest calculated by reference to Euribor for three month deposits, such rates of interest to be applied to the relevant notional amount under the swap transaction, being an amount equal to the principal balance of the relevant Mortgage Receivable from time to time, to determine the scheduled payments to be made between the parties on a net basis in accordance with the terms of the transaction;</p>
	<p><b>Mortgage Receivables Purchase Agreement</b> means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;</p>
+	<p><b>Mortgage Report</b> means the report to be prepared by the Servicer for the purpose of determining the amounts to be paid on the next Mortgage Collection Payment Date in accordance with the Servicing Agreement;</p>
+	<p><b>Mortgage Report Date</b> means each of (i) the fifth Business Day following the end of each Mortgage Calculation Period and (ii) the fourteenth calendar day (or the next Business Day if such day is not a Business Day) following the end of each Mortgage Calculation Period;</p>

	<b>Mortgaged Asset</b> means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ) or (iii) a long lease ( <i>erfpachtsrecht</i> ) situated in the Netherlands on which a Mortgage is vested;
	<b>Most Senior Class</b> means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Post-Enforcement and Call Option Exercise Priority of Payments;
	<b>Net Foreclosure Proceeds</b> means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Risk Insurance Policy and (iv) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;
+	<b>Net Swap Payment</b> means the net amount payable by either the Swap Counterparty or the Issuer, as the case may be, to the other party after the deduction of certain amounts and payment netting to be received by such party in connection with the Swap Agreement;
+	<b>New Mortgaged Asset</b> means the mortgaged asset that has been acquired or will be acquired by a Borrower after such Borrower has exercised the portability feature ( <i>meeneemregeling</i> ) in relation to its Portable Mortgage Loan;
+	<b>New Ported Mortgage Loan</b> means a Mortgage Loan advanced to a Borrower after such Borrower has exercised the portability feature ( <i>meeneemregeling</i> ) in relation to its Portable Mortgage Loan;
+	<b>New Ported Mortgage Receivable</b> means the Mortgage Receivable resulting from a New Ported Mortgage Loan;
+	<b>New Ported Mortgage Receivables Purchase Conditions</b> has the meaning ascribed thereto in Section 7.1 ( <i>Portfolio Information</i> ) of this Prospectus;
+	<b>Non-Securitised Mortgage Receivables</b> means mortgage receivables owned by the Seller that have not been sold as part of any securitisation transaction, but which may be funded and pledged to the Elan Lender or any affiliate thereof;
	<b>Noteholders</b> means the persons who for the time being are the holders of the Notes;
	<b>Notes</b> means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class RS Notes;
	<b>Notes and Cash Report</b> means the report which will be published quarterly by the Issuer, or the Issuer Administrator on its behalf, and which will comply with the standard of the DSA;
	<b>Notes Calculation Date</b> means, in respect of a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;
	<b>Notes Calculation Period</b> means, in relation to a Notes Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date, except for the first Notes Calculation Period which will commence on the Cut-Off Date (inclusive) and

	end on and include the last day of December 2016;
	<b>Notes Payment Date</b> means the 28th day of January, April, July and October of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;
	<b>Old Mortgaged Asset</b> means the mortgaged asset that has been sold by a Borrower after the portability feature ( <i>meeneemregeling</i> ) of its Portable Mortgage Loan has been exercised by such Borrower;
+	<b>Ongoing Reserve Account Required Amount</b> means the sum of the Class A Ongoing Reserve Account Required Amount, the Class B Ongoing Reserve Account Required Amount, the Class C Ongoing Reserve Account Required Amount, the Class D Ongoing Reserve Account Required Amount and the Class E Ongoing Reserve Account Required Amount;
	<b>Optional Redemption Date</b> means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;
	<b>Original Foreclosure Value</b> means the Foreclosure Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan;
	<b>Original Market Value</b> means the Market Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan;
+	<b>OTC</b> means over-the-counter;
	<b>Other Claim</b> means any claim the Seller has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledges;
+	<b>Other Representations Remedy Period</b> means a period of twenty (20) Business Days as of notification of a breach of any Mortgage Loan Criteria, or of any other representations and warranties made in respect of any Mortgage Receivable which is not a Key Representation, in which the Elan Servicer can remedy the breach;
	<b>Outstanding Principal Amount</b> means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (c) of the definition in respect of such Mortgage Receivable, zero;
	<b>Parallel Debt</b> has the meaning ascribed thereto in Section 4.7 ( <i>Security</i> ) of this Prospectus;
	<b>Parallel Debt Agreement</b> means the parallel debt agreement between the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
+	<b>Par Value</b> means the Outstanding Principal Amount under the relevant Mortgage Loan together with any accrued interest, penalties and costs (including legal and other related enforcement costs) due but unpaid in relation to such Mortgage Loan up to the date of payment of the Pre-agreed Compensation Amount), for the avoidance of doubt, including any such costs that have been incurred but not yet invoiced on the date of determination of such amount, if properly evidenced and invoiced, which can result in multiple payments being made in relation to such amounts;



	<b>Paying Agency Agreement</b> means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Signing Date;
*	<b>Paying Agent</b> means BNP Paribas Securities Services, Luxembourg Branch or any substitute or successor appointed from time to time;
	<b>Permanent Global Note</b> means a permanent global note in respect of a Class of Notes;
	<b>Pledge Agreements</b> means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement and, as the context so requires, the Deed of Charge;
	<b>Pledge Notification Event</b> means any of the events specified in Clause 5 of the Issuer Rights Pledge Agreement;
	<b>Pledged Assets</b> means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;
+	<b>Pool</b> means the pool of Mortgage Loans as selected on or before the Closing Date in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement;
+	<b>Pool Level Conditions</b> has the meaning ascribed thereto in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
+	<b>Pool Level Condition Event</b> means the event that the Pool is not in compliance with the Pool Level Conditions;
+	<b>Portable Mortgage Loan</b> means a Mortgage Loan in respect of which the Borrower has the right to make use of the portability feature ( <i>meeneemregeling</i> );
+	<b>Portable Mortgage Receivable</b> means a Mortgage Receivable resulting from a Portable Mortgage Loan;
	<b>Portfolio and Performance Report</b> means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
+	<b>Portfolio Call Option</b> means the right of the Majority RS Noteholder to purchase and accept assignment from the Issuer of the Mortgage Receivables and all Beneficiary Rights relating thereto on any Optional Redemption Date against payment of the Redemption Purchase Price subject to in accordance with Condition 6(d);
+	<b>Portfolio Management Agreement</b> means the portfolio management agreement between the Portfolio Manager, the Issuer and the Security Trustee dated the Signing Date;
+	<b>Portfolio Manager</b> means Dynamic Credit Partners Europe B.V. or any substitute or successor appointed from time to time;
+	<b>Portfolio Manager Interest Rate Policy</b> means at any time after the occurrence of a Seller Interest Rate Reset Termination Event the Portfolio Manager sets the Mortgage Interest Rates, the policy determined by the Portfolio Manager (attached as Schedule 4 to the Portfolio Management Agreement) in accordance with which it has agreed to reset the Mortgage Interest

	Rates on behalf of the Issuer pursuant to Clause 4 of the Portfolio Management Agreement;
+	<b>Portfolio Manager Subordinated Fee</b> means the SE Management Fee payable to the Portfolio Manager as agreed in the DCP fee letter made between, amongst others Goldman Sachs International, the Seller and the Portfolio Manager dated 11 June 2015;
+	<b>Post-Enforcement and Call Option Exercise Priority of Payments</b> means the priority of payments set out as such in Section 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
+	<b>Post-Foreclosure Proceeds</b> has the meaning ascribed thereto in Section 5.1 (Available Revenue Funds);
*	<b>Prepayment Penalties</b> means any prepayment penalties ( <i>boeterente</i> ) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being prepaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as permitted pursuant to the Mortgage Conditions;
+	<b>Pre-agreed Compensation Amount</b> means (x) an amount equal to the Par Value of the relevant Mortgage Loan, or (y) provided that the Elan Servicer has notified the Issuer in writing within the applicable Election Period that it elects not to pay the Par Value, an amount equal to the amount the Sale Proceeds fall short of the Par Value of such Mortgage Loan together with the costs incurred by the Issuer or its agents on its behalf (including reasonable legal and other enforcement costs relating thereto) in connection with the sale of the relevant Mortgage Receivables, provided further that if the Elan Servicer has not made an election for item (x) or (y) by the last day of the Election Period, then it is deemed to have elected to pay the Par Value;
+	<b>Price Leader</b> for a particular Mortgage Bucket is determined as the originator offering the lowest rate for that bucket. For the avoidance of doubt, for these purposes the Seller cannot be the Price Leader, notwithstanding the fact that it could be offering the lowest rates;
	<b>Principal Amount Outstanding</b> has the meaning ascribed thereto in Condition 6(c) ( <i>Definitions</i> );
	<b>Principal Deficiency</b> means the debit balance, if any, of the relevant Principal Deficiency Ledger;
	<b>Principal Deficiency Ledger</b> means the principal deficiency ledger relating to the relevant Classes of Notes (other than the Class RS Notes) and comprising sub-ledgers for each such Class of Notes;
+	<b>Principal Ledger</b> means a ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as principal in accordance with the Administration Agreement;
+	<b>Principal Reconciliation Ledger</b> means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;
	<b>Principal Shortfall</b> means an amount equal to (i) the balance of the Principal Deficiency Ledger of the relevant Class of Notes divided by (ii) the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

	<b>Priority of Payments</b> means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement and Call Option Exercise Priority of Payments;
+	<b>Proposed Interest Rates</b> means, in respect of any Mortgage Loan and its related Interest Reset Date, the relevant interest rates which would apply to the Mortgage Loan (and its related Mortgage Receivable) during at least three separate fixed term period commencing on the Interest Reset Date (none of those fixed term periods to exceed the original maturity of the Mortgage Receivable), which have been proposed and sent by the Servicer (or the Seller (or any agent acting on their behalf)), as the case may be, to the relevant Borrower on the Interest Reset Proposal Date immediately preceding the relevant Interest Reset Date and one of which will be selected by the Borrower to apply to its Mortgage Receivable as of the Interest Reset Date (or if no selection is made by the Borrower, the rate selected by the Seller or the Portfolio Manager, as applicable);
	<b>Prospectus</b> means this prospectus dated 3 November 2016 relating to the issue of the Notes;
	<b>Prospectus Directive</b> means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be amended from time to time;
+	<b>Quion</b> means Quion Services B.V.;
+	<b>Quion Business Continuity Agreement</b> means the Overeenkomst Quion Business Continuity between the Issuer, the Security Trustee, QBC, Quion Groep B.V. and Quion Services B.V. dated on or about the Signing Date;
+	<b>Quion Groep</b> means Quion Groep B.V.;
+	<b>Quion Parties</b> means Quion and Quion Groep;
+	<b>Rating Event</b> means any of the events set forth in Part 5(f) of the schedule to the Swap Agreement;
	<b>Realised Loss</b> has the meaning ascribed thereto in Section 5.3 ( <i>Loss Allocation</i> ) of this Prospectus;
+	<b>Receivables Proceeds Distribution Agreement</b> means the amended and restated receivables proceeds distribution agreement between, amongst others, the Issuer, the Security Trustee, the Seller and the Collection Foundation dated on or about the Signing Date;
+	<b>Reconciliation Ledger</b> means each of the Principal Reconciliation Ledger and the Interest Reconciliation Ledger;
	<b>Redemption Amount</b> means the principal amount redeemable in respect of each integral multiple of a Note as described in Condition 6 ( <i>Redemption</i> );
	<b>Redemption Priority of Payments</b> means the priority of payments set out as such in Section 5 ( <i>Credit Structure</i> ) in this Prospectus;
+	<b>Redemption Purchase Price</b> has the meaning ascribed thereto in Condition 6(d);

	<b>Reference Agent</b> means BNP Paribas Securities Services, Luxembourg Branch or any substitute or successor appointed from time to time;
	<b>Regulation S</b> means Regulation S of the Securities Act;
	<b>Relevant Class</b> has the meaning ascribed thereto in Condition 10 ( <i>Events of Default</i> );
	<b>Relevant Remedy Period</b> means thirty (30) calendar days;
+	<b>Remarketing Call Notice</b> has the meaning ascribed thereto in Condition 6(e);
+	<b>Remarketing Call Option</b> means the right of the Majority RS Noteholder to restructure and re-market the Notes against payment of the Restructuring Price subject to and in accordance with the Conditions;
+	<b>Remarketing Redemption Instruction</b> has the meaning ascribed thereto in Condition 6(e);
+	<b>Replacement Swap Premium</b> means either (i) an amount received by the Issuer from the replacement Swap Counterparty upon entry by the Issuer into an agreement with such replacement Swap Counterparty to replace the outgoing Swap Counterparty or (ii) an amount received by the Issuer from the outgoing Swap Counterparty upon termination of the Swap Agreement;
+	<b>Reporting Services Agreement</b> means the reporting services agreement between the Issuer and the Reporting Services Provider dated on or about the Signing Date;
+	<b>Reporting Services Provider</b> means BNP Paribas or any substitute or successor appointed from time to time;
	<b>Reserve Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	<b>Reserve Ledger</b> means the reserve ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;
+	<p><b>Restricted Party</b> means any individual or entity that is:</p> <ul style="list-style-type: none"> <li>(a) listed on, or owned or controlled (as such terms, including any applicable ownership and control requirements, are defined and construed in the applicable Sanctions laws and regulations or in any official guidance in relation to such Sanctions laws and regulations) by a person listed on, a Sanctions List;</li> <li>(b) a government of a Sanctioned Country;</li> <li>(c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country;</li> <li>(d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country or which is designated as a “Non-Cooperative Jurisdiction” by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction;</li> </ul>

	<p>(e) a “Foreign Shell Bank” within the meaning of the USA Patriot Act, i.e., a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision;</p> <p>(f) a person or entity that resides in or is organised under the laws of a jurisdiction designated by the United States Secretary of the Treasury under Sections 311 or 312 of the USA Patriot Act as warranting special measures due to money laundering concerns;</p> <p>(g) to the best knowledge of each of the Seller and the Issuer, and their respective holding companies (having made due and careful enquiry), otherwise a target of Sanctions, or with whom it would be a breach of any applicable Sanctions for the Lead Manager to deal; or</p> <p>(h) to the best knowledge of each of the Seller and the Issuer (having made due and careful enquiry), acting on behalf of any of the persons listed in paragraphs (a) to (g)) (inclusive) above, for the purpose of evading or avoiding, or having the intended effect of or intending to evade or avoid, or facilitating the evasion or avoidance of any Sanctions;</p>
+	<b>Restructuring Price</b> has the meaning ascribed thereto in Condition 6(e);
+	<b>Retention Holder</b> means Goldman Sachs Lending Partners LLC;
+	<b>Revenue Ledger</b> means a ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as interest in accordance with the Administration Agreement;
	<b>Revenue Priority of Payments</b> means the priority of payments set out in Section 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
	<b>Revenue Shortfall Amount</b> means, on any Notes Payment Date, the amount by which the Available Revenue Funds falls short of paying up to and including the item in the Revenue Priority of Payments specifying the Interest payments of the Most Senior Class;
	<b>Risk Insurance Policy</b> means the risk insurance ( <i>risicoverzekering</i> ) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;
	<b>RMBS Standard</b> means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;
+	<b>Sale Proceeds</b> means, with respect to a Mortgage Loan, the proceeds (after deducting all costs and expenses incurred by the Issuer or its agents on its behalf (including legal and other enforcement costs relating thereto)) received by the Issuer following the sale of the Mortgage Receivables resulting from such Mortgage Loan to a third party or the Elan Servicer, as the case may be, or, if the Mortgage Receivables are not capable of being sold to a third party for a commercially reasonable price as determined by the Portfolio Manager on behalf of the Issuer or have not been sold within thirty (30) Business Days following the Election Period, the Forced Sale Proceeds;

+	<b>Sanctioned Country</b> means any country or other territory subject to a general export, import, financial or investment embargo under any Sanctions, which, as of the date of this Agreement, include Cuba, Iran, North Korea, Sudan, Syria and Crimea (as defined in, and construed in accordance with, the applicable Sanctions laws and regulations);
+	<b>Sanctions</b> means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Sanctions Authority;
+	<p><b>Sanctions Authority</b> means:</p> <ul style="list-style-type: none"> <li>(i) the United States;</li> <li>(ii) the United Nations Security Council;</li> <li>(iii) the European Union;</li> <li>(iv) the United Kingdom; or</li> <li>(v) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty's Treasury, the Office of Foreign Assets Control of the US Department of the Treasury, the US Department of Commerce, the US Department of State and any other agency of the US government;</li> </ul>
+	<b>Sanctions List</b> means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time,
	<b>S&amp;P</b> means Standard & Poor's Credit Market Services Europe Limited, and includes any successor to its rating business;
	<b>Secured Creditors</b> means (i) the Directors, (ii) the Servicer, (iii) the Portfolio Manager, (iv) the Issuer Administrator, (v) the Paying Agent, (vi) the Reference Agent, (vii) the Issuer Account Bank, (viii) the Noteholders, (ix) the Swap Counterparty, (x) the Swap Collateral Custodian, (xi) the Back-up Servicer Facilitator, (xii) the Seller and (xiii) the Reporting Services Provider;
	<b>Securities Act</b> means the United States Securities Act of 1933 (as amended);
	<b>Security</b> means any and all security interest created pursuant to the Pledge Agreements;
	<b>Security Trustee</b> means Stichting Security Trustee DCDML 2016-1, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
+	<b>Security Trustee Director</b> means Amsterdamsch Trustee's Kantoor B.V.;
	<b>Security Trustee Management Agreement</b> means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V. and the Issuer dated the Signing Date;
	<b>Seller</b> means Dynamic Credit Woninghypotheeken B.V. (expected to be renamed Elan Woninghypotheeken B.V. within 3 months following the Closing Date);

+	<b>Seller Interest Rate Policy</b> means at any time until the occurrence of a Seller Interest Rate Reset Termination Event the policy determined by the Seller (or the Elan Servicer acting on its behalf) (attached as Schedule 6 to the Mortgage Receivables Purchase Agreement) in accordance with which it has agreed to reset the Mortgage Interest Rates on behalf of the Issuer pursuant to Clause 11 of the Mortgage Receivables Purchase Agreement and as summarised in Section 7.5 ( <i>Interest rate reset in respect of Mortgage Receivables</i> ) of this Prospectus;
+	<b>Seller Interest Reset Termination Event</b> means the event that the Borrowers are notified of the assignment of the Mortgage Receivables following an Assignment Notification Event;
+	<b>Senior Interest Deficiency Ledger</b> means a ledger comprising of five sub-ledgers, known as the Class B Senior Interest Deficiency Ledger, the Class C Senior Interest Deficiency Ledger, the Class D Senior Interest Deficiency Ledger, the Class E Senior Interest Deficiency Ledger and the Class F Senior Interest Deficiency Ledger which shall be established by the Issuer on the Closing Date into which, in the event of a shortfall of the Senior Interest, the Issuer shall credit an amount calculated in accordance with Condition 9(b) to the Class B Senior Interest Deficiency Ledger, the Class C Senior Interest Deficiency Ledger, the Class D Senior Interest Deficiency Ledger, the Class E Senior Interest Deficiency Ledger and/or the Class F Senior Interest Deficiency Ledger;
	<b>Senior Interest</b> means, in respect of the Class B Notes, the interest payable under item (h) of the Revenue Priority of Payments, in respect of the Class C Notes, the interest payable under item (k) of the Revenue Priority of Payments, in respect of the Class D Notes, the interest payable under item (n) of the Revenue Priority of Payments, in respect of the Class E Notes, the interest payable under item (q) of the Revenue Priority of Payments and, in respect of the Class F Notes, the interest payable under item (t) of the Revenue Priority of Payments;
	<b>Servicer</b> means Quion Services B.V. or any substitute or successor appointed from time to time;
+	<b>Servicer Termination Event</b> means any situation in which the appointment of the Servicer is terminated in accordance with the provisions of the Servicing Agreement;
+	<b>Servicer Termination Notice</b> means a notice from the Servicer giving notice to the Issuer to terminate the Servicing Agreement in accordance with its terms;
	<b>Servicing Agreement</b> means the servicing agreement between the Servicer, the Portfolio Manager, the Back-up Servicer Facilitator, the Issuer and the Security Trustee dated the Signing Date;
	<b>Shareholder</b> means Stichting Holding DCDML 2016-1, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
+	<b>Shareholder Director</b> means Intertrust Management B.V. or any substitute or successor appointed from time to time;
	<b>Shareholder Management Agreement</b> means the shareholder management agreement between the Shareholder, the Shareholder Director and the Security Trustee dated the Signing Date;

	<b>Signing Date</b> means 3 November 2016 or such later date as may be agreed between the Issuer, the Security Trustee and the Lead Manager;
	<b>Sold Property Portable Mortgage Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	<b>Solvency II</b> means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of Insurance and Reinsurance;
+	<b>Solvency II Regulation</b> means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of Insurance and Reinsurance;
+	<b>Subordinated Extension Payment Amount</b> means, with respect to an Interest Period after the First Optional Redemption Date, the payment of an amount equal to the positive difference, if any, between (a) (i) the Extension Margin plus (ii) Euribor for three months deposits, with (i) and (ii) floored at zero, multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes at close of business on the first day on an Interest Period and (b) (i) the relevant Initial Margin plus (ii) Euribor for three months deposits, with (i) and (ii) floored at zero, multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes at close of business on the first day on an Interest Period, in each case multiplied by the actual days elapsed in such period divided by a 360 day year, provided that the number of days in each Interest Period shall be calculated as if the Notes Payment Dates were not subject to adjustment;
+	<b>Subordinated Interest Deficiency Ledger</b> means a ledger comprising of six sub-ledgers, known as the Class A Subordinated Interest Deficiency Ledger, the Class B Subordinated Interest Deficiency Ledger, the Class C Subordinated Interest Deficiency Ledger, the Class D Subordinated Interest Deficiency Ledger, the Class E Subordinated Interest Deficiency Ledger and the Class F Subordinated Interest Deficiency Ledger which shall be established by the Issuer on the Closing Date into which, in the event of a shortfall of the Subordinated Extension Payment Amount, the Issuer shall credit an amount calculated in accordance with Condition 9(b) to the Class A Subordinated Interest Deficiency Ledger, the Class B Subordinated Interest Deficiency Ledger, the Class C Subordinated Interest Deficiency Ledger, the Class D Subordinated Interest Deficiency Ledger, the Class E Subordinated Interest Deficiency Ledger and/or the Class F Subordinated Interest Deficiency Ledger;
	<b>Subscription Agreement</b> means the subscription agreement relating to the Notes between the Lead Manager, the Seller and the Issuer dated the Signing Date;
+	<b>Subsequent Remedy Period</b> means (i) in respect of Moody's, as soon as reasonably practicable and (ii) in respect of Fitch, 30 calendar days;
+	<b>Subsequent Required Ratings</b> means (i) in respect of Moody's, a long-term, unsecured and unsubordinated debt rating of 'Baa1' or a counterparty risk assessment of 'Baa1(cr)', and (ii) in respect of Fitch, a long-term issuer default rating (or derivatives counterparty rating, if assigned) of 'BBB-' or a short-term issuer default rating of 'F3';
+	<b>Supplementary Purchase Price</b> means an amount equal to the proceeds of the issuance of the Class RS Notes minus (a) the Initial Reserve Account Required Amount and (b) any positive difference between the Outstanding Principal Amount of the Mortgage Receivables as at the



	Cut-Off Date and the proceeds of the issuance of the Floating Rate Notes;
+	<b>Swap Additional Termination Event</b> means an additional termination event as defined in the Swap Agreement;
*	<b>Swap Agreement</b> means an International Swaps and Derivatives Association Inc. 1992 Master Agreement, the schedule thereto, any credit support annexes or other credit support documents related thereto and each swap transaction confirmation thereunder, entered into between the Issuer, the Swap Counterparty and the Security Trustee on or prior to the Closing Date and the swap transactions effected thereunder (or such replacement swap agreement as the Issuer may enter into in accordance with the Transaction Documents);
+	<b>Swap Calculation Period</b> means the period commencing on (and including) each Notes Payment Date and ending on (but excluding) the immediately following Notes Payment Date, except for (i) the first swap calculation period which will commence on (and include) the effective date of the relevant Swap Transaction, and (ii) the final swap calculation period which will end on (and include) the termination date of the relevant Swap Transaction;
+	<b>Swap Cash Collateral Account</b> means the bank account of the Issuer designated as such in the Swap Collateral Custodian Agreement and any further account opened to hold Swap Collateral in the form of cash provided to the Issuer by the Swap Counterparty;
+	<b>Swap Collateral</b> means, at any time, any asset (or the applicable part of any asset) (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any amount of interest credited to the Swap Cash Collateral Account and any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
+	<b>Swap Collateral Account</b> means the Swap Cash Collateral Account or the Swap Securities Collateral Account as the case may be;
+	<b>Swap Collateral Account Rights</b> means any and all rights of the Issuer vis-à-vis the Swap Collateral Custodian under or in connection with the Swap Collateral Custodian Agreement and the Swap Collateral Accounts;
+	<b>Swap Collateral Custodian</b> means The Bank of New York Mellon, London Branch or any substitute or successor appointed from time to time;
+	<b>Swap Collateral Custodian Agreement</b> means the swap collateral custodian agreement between amongst others the Issuer, the Security Trustee, the Swap Collateral Custodian dated on or about the Signing Date;
	<b>Swap Counterparty</b> means BNP Paribas or any substitute or successor appointed from time to time;
+	<b>Swap Counterparty Floating Amount</b> means, in respect of a Swap Payment Date, an amount equal to (a) the Swap Notional Amount for the relevant Swap Calculation Period <i>multiplied by</i> (b) Euribor for three month deposits determined as at the immediately preceding Interest Determination Date <i>multiplied by</i> (c) the relevant day count fraction determined on an actual/360 basis;

+	<b>Swap Counterparty Subordinated Payment</b> means any termination payment due and payable as a result of the occurrence of (i) a Swap Event of Default where the Swap Counterparty is the Defaulting Party or (ii) a Swap Additional Termination Event arising pursuant to the occurrence of a Rating Event;
+	<b>Swap Event of Default</b> means Event of Default as defined in the Swap Agreement;
+	<b>Swap Fixed Rate</b> means in respect of a Swap Payment Date, a rate calculated by the Swap Counterparty equal to the weighted average of the Mortgage Receivable Swap Rates in respect of the Fixed Rate Mortgage Receivables calculated by reference to the Outstanding Principal Amount of each Fixed Rate Mortgage Receivable as at the most recent Mortgage Receivable Reset Date for such Fixed Rate Mortgage Receivable;
+	<b>Swap Notional Amount</b> means in respect of a Swap Calculation Period, an amount in Euro equal to the sum of (i) the Outstanding Principal Amount of the Fixed Rate Mortgage Receivables as at the Swap Notional Observation Date for such Calculation Period and (ii) the credit balance (if any) of the Sold Property Portable Mortgage Account as at the Swap Notional Observation Date for such Calculation Period;
+	<b>Swap Notional Observation Date</b> means, in respect of each Swap Calculation Period, the last day of the Notes Calculation Period ending immediately prior to the start of such Swap Calculation Period (or, if none, as at the effective date of the relevant Swap Transaction);
+	<b>Swap Payment Date</b> means (a) if the net swap payment is due from the Swap Counterparty, three Business Days prior to the relevant Notes Payment Date, and (b) if the net swap payment is due from the Issuer, the relevant Notes Payment Date;
+	<b>Swap Securities Collateral Account</b> means the custody account of the Issuer designated as such in the Swap Collateral Custodian Agreement and any further custody account required to be opened to hold any collateral in the form of securities provided to the Issuer by the Swap Counterparty;
+	<b>Swap Tax Credits</b> means any credit, allowance, set-off or repayment, which is received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Counterparty to the Issuer;
+	<b>Swap Termination Event</b> means a Termination Event as defined in the Swap Agreement;
+	<b>Swap Termination Notice</b> means a notice from the Swap Counterparty giving notice to the Issuer to terminate the Swap Agreement in accordance with its terms;
+	<b>Swap Termination Payment</b> means any payment due to the Swap Counterparty upon the early termination of a swap transaction under a Swap Agreement to which the Swap Counterparty is a party;
	<b>Swap Transaction</b> means any of the swap transactions entered into under the Swap Agreement;
	<b>TARGET 2</b> means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

	<b>TARGET 2 Settlement Day</b> means any day on which TARGET 2 is open for the settlement of payments in euro;
*	<b>Tax Call Option</b> means the option of the Issuer, in accordance with Conditions 6(f), to redeem all (but not some only) of the Notes on any Notes Payment Date;
+	<b>Tax Call Option Event</b> means the event that 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 (including any guidelines issued by the tax authorities) or of any other jurisdiction or any political sub-division or authority thereof or therein having the 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.
+	<p><b>Tax Call Option Minimum Required Purchase Price</b> means an amount equal to the sum of the:</p> <ul style="list-style-type: none"> <li>(a) the present value of the expected cash flow of principal and interest on the Floating Rate Notes net of amounts that would have been withheld or deducted after the occurrence of a Tax Call Option Event until the Final Maturity Date;</li> <li>(b) (taking into account other funds available to the Issuer) the amounts required under item (a) up to and including (c) (which shall include any costs and expenses of the Issuer in relation to the exercise by the Issuer of the Tax Call Option) of the Post-Enforcement and Call Option Exercise Priority of Payments on such Notes Payment Date;</li> <li>(c) the amount required to pay all fees, costs and expenses due and payable in relation to the liquidation of the Issuer; and</li> <li>(d) any Net Swap Payment (which includes any Swap Termination Payment) payable under the Swap Agreement on such Notes Payment Date;</li> </ul>
	<b>Tax Event</b> means any change in tax law, after the date of the Swap Agreement, due to which 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;
	<b>Temporary Global Note</b> means a temporary global note in respect of a Class of Notes;
+	<b>Third Party Conditions</b> means the conditions under which a third party is willing to purchase Mortgage Receivables affected by a breach of a Key Representation;
+	<b>Third Party Due Diligence Provider</b> means Clayton Euro Risk Ltd.;
	<b>Transaction Documents</b> means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deeds of Assignment and Pledge, the Deposit Agreement, the Administration Agreement, the Issuer Account Agreement, the Swap Agreement, the Servicing Agreement, the Portfolio Management Agreement, the Pledge Agreements, the Parallel Debt

	Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Interest Rate Reset Agreement, the Reporting Services Agreement, the Trust Deed, the Collection Foundation Agreements, the Swap Collateral Custodian Agreement and the Deed of Charge;
+	<b>Transaction Party</b> means each party to a Transaction Document;
	<b>Trust Deed</b> means the trust deed between, amongst others, the Issuer and the Security Trustee dated the Signing Date;
+	<b>UCITS</b> means Undertakings for Collective Investment in Transferable Securities;
+	<b>U.S. Risk Retention Requirements</b> means Section 15G of the Exchange Act and any applicable implementing regulations;
	<b>Wft</b> means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and its subordinate and implementing decrees and regulations as amended from time to time; and
	<b>WOZ</b> means the Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ) as amended from time to time.

### 8.3 Interpretation

The language of this 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 thereto under applicable law.

Any reference in this Prospectus to:

an **Act** or a **statute** or **treaty** shall be construed as a reference to such Act, statute or treaty as the same may have been, or may from time to time be, amended or, in the case of an Act or a statute, re-enacted;

**this Agreement** or an **Agreement** or **this Deed** or a **deed** or a **Deed** or a **Transaction Document** or any of the Transaction Documents (however referred to or defined) shall be construed as a reference to such document or agreement as the same may be amended, supplemented, restated, novated or otherwise modified from time to time;

a **Class** of Notes shall be construed as a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class RS Notes, as applicable;

a **Class A**, **Class B**, **Class C**, **Class D**, **Class E**, **Class F** or **Class RS** Noteholders, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall, Redemption Amount, Reserve Ledger, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, a Principal Deficiency, the Principal Deficiency Ledger, a Principal Shortfall, a Redemption Amount, the Reserve Ledger, the Temporary Global Note or the Permanent Global Note pertaining to, as applicable, the relevant Class of Notes;

a **Code** shall be construed as a reference to such code as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

**encumbrance** includes any mortgage, charge or pledge or other limited right (*beperkt recht*) securing any obligation of any person, or any other arrangement having a similar effect;

**Euroclear and Clearstream, Luxembourg** includes any additional or alternative system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as Eurosystem Eligible Collateral;

the **records of Euroclear and Clearstream, Luxembourg** are to the records that each of and Clearstream, Luxembourg hold for their customers which reflect the amount of such customers' interests in the Notes;

**foreclosure** includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

**holder** means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

**including** or **include** shall be construed as a reference to **including without limitation** or **include without limitation**, respectively;

**indebtedness** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a **law** or **directive** shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a **month** shall be construed as a reference to a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the **Notes**, the **Conditions**, any **Transaction Document** or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a **person** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a **preliminary suspension of payments**, **suspension of payments** or **suspension of payments of payments** shall, where applicable, be deemed to include a reference to the suspension of payments (*voorlopige surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

**principal** shall be construed as the English translation of *hoofdsom* or, if the context so requires, *pro resto hoofdsom* and, where applicable, shall include premium;

**repay**, **redeem** and **pay** shall each include both of the others and **repaid**, **repayable** and **repayment**, **redeemed**, **redeemable** and **redemption** and **paid**, **payable** and **payment** shall be construed accordingly;

a **successor** of any party shall be construed so as to include an assignee or successor in title (including after a novation) of such party and any person who under the laws of the jurisdiction of incorporation or domicile of

such party has assumed the rights and obligations of such party under a Transaction Document or to which, under such laws, such rights and obligations have been transferred;

any **Transaction Party** or **party** or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests appointed from time to time; and

**tax** includes any present or future tax, levy, impost, duty or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same).

In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

#### *DSA DEFINITIONS NOT USED*

**Annuity Mortgage Receivable**

**Applicable Final Terms**

**Borrower Insurance Proceeds Instruction**

**Defaulted Mortgage Loan**

**Deferred Purchase Price**

**Deferred Purchase Price Instalment**

**Insurance Savings Participant**

**Insurance Savings Participation**

**Insurance Savings Participation Increase**

**Insurance Savings Participation Redemption Available Amount**

**Investment Mortgage Loan**

**Investment Mortgage Receivable**

**Life Insurance Policy**

**Life Insurance Policy with a Savings Element**

**Life Mortgage Loan**

**Life Mortgage Receivable**

**Life Mortgage Receivable with a Savings Element**

**Manager**

**New Mortgage Receivable**

**Notes Clean-up Call Option**

**Originator**

**Participant**

**Participation**

**Participation Fraction**

**Participation Redemption Available Amount**

**Post-Enforcement Priority of Payments**

**Professional Market Party**

**Reserve Account Target Level**

**Savings Insurance Policy**

**Savings Investment Insurance Policy**

**Savings Mortgage Loan**

**Savings Mortgage Receivable**

**Savings Premium**

**Seller Collection Account**  
**Seller Collection Account Bank**  
**Seller Collection Account Bank Requisite Credit Rating**  
**Stichting WEW**  
**Sub-class**  
**Switch/Hybrid Mortgage Receivable**  
**Unit-Linked Alternative**

## **9. REGISTERED OFFICES**

### **THE ISSUER**

DCDML 2016-1 B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER**

Dynamic Credit Woninghypotheek B.V.  
Fascinatio Boulevard 1302  
2909 VA Capelle aan den IJssel  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee DCDML 2016-1  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SWAP COUNTERPARTY**

BNP Paribas  
16 Boulevard des Italiens  
75009 Paris  
France

### **ISSUER ACCOUNT BANK**

N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2  
2514 AA 's-Gravenhage  
The Netherlands

### **SWAP COLLATERAL CUSTODIAN**

The Bank of New York Mellon, London Branch  
One Canada Square  
London, E14 5AL  
United Kingdom

### **PAYING AGENT AND REFERENCE AGENT**

BNP Paribas Securities Services, Luxembourg  
Branch  
60, avenue J.F. Kennedy  
Luxembourg  
L – 2085 Luxembourg

### **LISTING AGENT**

ABN AMRO Bank N.V.  
Gustav Mahlerlaan 10  
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## **LEGAL ADVISERS**

*To the Arranger and Lead  
Manager*

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1077 AB Amsterdam  
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*To the Issuer*

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*To the Seller*

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1076 ED Amsterdam  
The Netherlands

## **AUDITOR**

Deloitte Accountants B.V.  
Gustav Mahlerlaan 2970  
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The Netherlands

## **ARRANGER AND LEAD MANAGER**

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