

**BEST 2007 B.V.**

**(incorporated with limited liability in The Netherlands)**

**€7,690,000,000 Senior Class A Mortgage-Backed Floating Rate Notes due 2079**

**Issue Price 100 per cent.**

**€750,000,000 Mezzanine Class B Mortgage-Backed Floating Rate Notes due 2079**

**Issue Price 100 per cent.**

**€1,560,000,000 Junior Class C Mortgage-Backed Floating Rate Notes due 2079**

**Issue Price 100 per cent.**

**€300,000,000 Subordinated Class D Floating Rate Notes due 2079**

**Issue Price 100 per cent.**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as Seller**

The date of this prospectus is 18 December 2007 (the "**Prospectus**").

Application has been made to list on Euronext Amsterdam by NYSE Euronext ("**Euronext Amsterdam**") the €27,690,000,000 Senior Class A Mortgage-Backed Floating Rate Notes due 2079 (the "**Senior Class A Notes**"), the €750,000,000 Mezzanine Class B Mortgage-Backed Floating Rate Notes due 2079 (the "**Mezzanine Class B Notes**"), the €1,560,000,000 Junior Class C Mortgage-Backed Floating Rate Notes due 2079 (the "**Junior Class C Notes**") and the €300,000,000 Subordinated Class D Floating Rate Notes due 2079 (the "**Subordinated Class D Notes**") and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the "**Notes**", and "**Class**" or "**Class of Notes**" means, in respect of the Notes, the class of Notes being identified as the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes) to be issued by BEST 2007 B.V. (the "**Issuer**") on or about 20 December 2007 (the "**Closing Date**"). This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**") as competent authority under the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "**FMSA**"), implementing Directive 2003/71/EC (the "**Prospectus Directive**"). No application will be made to list the Notes on any other stock exchange.

Each of the Notes shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on the Notes is payable by reference to successive Quarterly Interest Periods. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each a "**Quarterly Interest Period**") except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in March 2008. Interest in respect of each Class of Notes for each Quarterly Interest Period up to (and including) the Quarterly Payment Date falling in March 2013 (the "**First Optional Redemption Date**") will accrue at an annual rate equal to the sum of: (a) the European Interbank Offered Rate ("**EURIBOR**") (as more particularly described in, calculated in accordance with, and subject to, the terms and conditions of the Notes, the "**Conditions**" and each a "**Condition**") for three (3) month euro deposits (except for the first Quarterly Interest Period in which case the Euro Reference Rate shall be the rate which represents the linear interpolation between EURIBOR for three (3) month deposits in euro and four (4) month deposits in euro) (the "**Euro Reference Rate**"); plus (subject to a possible margin reset in accordance with Condition 5.6 (*Margin reset right for single Noteholder*)), (b)(i) for the Senior Class A Notes, a margin of 0.15 per cent. per annum; (ii) for the Mezzanine Class B Notes a margin of 0.40 per cent. per annum; (iii) for the Junior Class C Notes a margin of 0.70 per cent. per annum; and (iv) for the Subordinated Class D Notes a margin of 1.30 per cent. per annum.

If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin on the Notes except for the Subordinated Class D Notes, will change. In such circumstances, interest on the Notes will accrue at an annual rate equal to the sum of: (a) the Euro Reference Rate; plus (b)(i) for the Senior Class A Notes, a margin of 0.80 per cent. per annum; (ii) for the Mezzanine Class B Notes a margin of 1.15 per cent. per annum; and (iii) for the Junior Class C Notes a margin of 1.40 per cent. per annum. For the Subordinated Class D Notes a margin of 1.30 per cent. per annum will continue to apply. Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case in respect of its Principal Amount Outstanding on the 26<sup>th</sup> day of March, June, September and December in each year (or, if such day is not a Business Day, the next following Business Day, unless such Business Day falls in the following calendar month in which case the day that is a Business Day immediately before such 26<sup>th</sup>

day) (each such day being a "**Quarterly Payment Date**"). Interest in respect of any Quarterly Interest Period (or any other period) will be calculated on the basis of the actual number of days elapsed in the Quarterly Interest Period (or such other period) and a year of 360 days. Unless previously redeemed, the Issuer shall redeem the Notes in full on the Quarterly Payment Date falling in March 2079 (the "**Final Maturity Date**"). On the First Optional Redemption Date and on each Quarterly Payment Date thereafter (each such date an "**Optional Redemption Date**") the Issuer will have the option to redeem in whole (but not in part only) all of the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding, subject to and in accordance with the Conditions.

**If there is any withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.**

It is a condition to the issue of the Senior Class A Notes that they be assigned a rating of Aaa on issue by Moody's Investors Service Limited ("**Moody's**") and the Mezzanine Class B Notes, on issue, be assigned a rating of Aa3 by Moody's and the Junior Class C Notes, on issue, be assigned a rating of A3 by Moody's (the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes together the "**Rated Notes**"). The Subordinated Class D Notes shall not be rated. **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. Particular attention is drawn to the section entitled *Risk Factors*.**

The Senior Class A Notes will be in book-entry form and will initially be represented by a temporary global note in bearer form (the "**EN Temporary Global Note**"), without coupons or talons, which is expected to be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") on or about the Closing Date. Each such EN Temporary Global Note will be exchangeable not earlier than 40 days but no later than 90 days after the later of the Closing Date and the commencement of the offering of the Notes upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear Netherlands for interests in a permanent global note in bearer form without coupons or talons (the "**EN Permanent Global Note**", and together with the EN Temporary Global Note the "**EN Global Notes**") for the Senior Class A Notes, which will also be deposited with Euroclear Netherlands.

The Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will initially be represented by a temporary global note in bearer form (a "**CD Temporary Global Note**"), without coupons or talons, which is expected to be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream Luxembourg**"), on or about the Closing Date. Each such CD Temporary Global Note will be exchangeable not earlier than 40 days but no later than 90 days after the later of the Closing Date and the commencement of the offering of the Notes upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear or Clearstream Luxembourg, as appropriate, for interests in a permanent global note in bearer form without coupons or talons (a "**CD Permanent Global Note**", and together with each CD Temporary Global Note, the "**CD Global Notes**" and the CD Global Notes together with the EN Global Notes, the "**Global Notes**") for the relevant Class of Notes, which will also be deposited with the common depository. Interests in each CD Permanent Global Note will, in certain limited circumstances, be exchangeable for definitive notes of the relevant Class in bearer form. Unless otherwise stated capitalised terms used in this Prospectus have the meanings set out in this Prospectus. The section entitled *Index of Defined Terms* at the back of this document specifies on which page a capitalised word or phrase used in this Prospectus is defined.

**Manager**



**Rabobank**

**Rabobank International**

## IMPORTANT INFORMATION

The Issuer is responsible for all the information contained in this Prospectus other than the information referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Seller is responsible, 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 responsibility accordingly.

The Seller is responsible solely for the information contained in this Prospectus in the sections entitled *Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Overview of the Dutch Residential Mortgage Market, Description of Portfolio Mortgage Loans and Mortgage Loans and Mortgage Loan Underwriting and Servicing*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information and consequently the Seller *does not assume any liability in respect of any other information contained in this Prospectus*.

Information in this Prospectus that has been sourced from a third party has been accurately reproduced, and as far as the Issuer and the Seller are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Notes will be obligations of the Issuer only. In particular, the Notes will not be guaranteed by, or be the responsibility of, any other entity or person, including, without limitation, any of the other parties to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the other parties to the Transaction Documents. None of the Secured Parties or any other entity or person will be under any obligation whatsoever to provide additional funds to the Issuer.

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated in this Prospectus by reference (see further the section entitled *General Information*). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

This Prospectus is not an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Purchase and Sale of Notes*. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or the Manager 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 in this Prospectus is correct at any time after the date of this Prospectus. The Issuer and the Seller have no obligation to update this Prospectus, except when required pursuant to the FMSA or any other regulations, laws or rules in force, from time to time.

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 or the Manager.

The Manager and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. An investor should review, amongst other things, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes. In addition, an investor should make its own determination of the suitability of any such investment in the Notes with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment.

No Class of Notes has been registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), and therefore no Class of Notes may be offered, sold or delivered in the United States or its possessions or to, or for the account or benefit of, (i) United States persons (as defined for U.S. federal income tax purposes) except in certain transactions permitted by United States treasury regulations or (ii) U.S. persons (within the meaning of Regulation S under the US Securities Act ("**Regulation S**")) unless such Class of Notes is registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

The Notes 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 a United States person, except in certain transactions permitted by United States tax regulations. For a more complete description of restrictions on offers and sales and applicable US tax law requirements, see further the section entitled *Purchase and Sale of Notes* below.

Neither the US Securities and Exchange Commission, nor any state securities commission or any other regulatory authority, has approved or disapproved the Notes or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

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## SUMMARY

*This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any amendment and supplement thereto. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity which has tabled the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.*

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

### **The Issuer**

BEST 2007 B.V. is incorporated under the laws of The Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). The entire issued share capital of the Issuer is owned by Stichting BEST 2007 Holding. The Issuer is incorporated to enter into the transaction described below (see further the section entitled *Issuer*).

### **The transaction**

The Issuer will on the Closing Date issue the Notes. The Issuer will apply the net proceeds from the issue of the Notes (other than the Subordinated Class D Notes) towards payment of the Initial Purchase Price for the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans acquired by the Seller from the relevant Originators pursuant to the SSA) sold by the Seller and assigned to the Issuer on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement. In addition, the Issuer will pay the Deferred Purchase Price for the Mortgage Receivables to the Seller, which is to be paid in Deferred Purchase Price Instalments, if any (see further the section entitled *Mortgage Receivables Purchase Agreement*). The Issuer will apply the net proceeds of the issue of the Subordinated Class D Notes to fund the Initial Reserve Required Amount in accordance with the Trust Deed and credit such amount to the Reserve Account.

The Issuer shall only purchase any Further Advance Receivables, Replacement Receivables, or Substitute Receivables to the extent offered by the Seller and if sufficient funds are available for payment of the relevant purchase price and each such relevant receivable complies with certain conditions (see further the section entitled *Mortgage Receivables Purchase Agreement*).

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Floating Rate GIC and the Swap Agreement and drawings under the Liquidity Facility Agreement, to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see further the section entitled *Credit Structure*).

Pursuant to the Liquidity Facility Agreement, the Issuer will, subject to certain conditions, be entitled to make drawings up to the Liquidity Facility Maximum Amount in order to meet certain shortfalls in Interest Available Funds (see further the section entitled *Credit Structure*).

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider shall pay a certain guaranteed rate of interest on all funds standing to the credit of the Accounts (including any Eligible Investments) and the Liquidity Facility Stand-by Drawing Account (see further the section entitled *Credit Structure*).

Under the Servicing Agreement, the Servicer will provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Portfolio Mortgage Loans, the implementation of arrears procedures including the enforcement of mortgage rights, and to provide information on the Sub-Participations (see further the section entitled *Servicing Agreement and Issuer Administration Agreement*).

Under the Issuer Administration Agreement, the Issuer Administrator will provide certain administration, calculation and cash management services to the Issuer, including, certain calculations to be made pursuant to the Conditions (see further the section entitled *Servicing Agreement and Issuer Administration Agreement*).

Pursuant to the Swap Agreement, the Issuer will hedge the interest rate risk it is exposed to pursuant to the interest rate income the Issuer will receive under the Mortgage Receivables and the interest payments the Issuer is obliged to make under the Notes (see further the section entitled *Credit Structure*).

Under the Sub-Participation Agreement, the Issuer will grant to the Savings Mortgage Participant, and the Savings Mortgage Participant will acquire, a sub-participation in each of the Savings Mortgage Receivables, the OpMaat Mortgage Receivables and the Hybrid Mortgage Receivables (see further the section entitled *Sub-Participation Agreement*).

## **Security**

The Notes and certain other liabilities of the Issuer will be secured, indirectly, through the Parallel Debt, by (i) an undisclosed first ranking right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables (including, to the extent legally possible, any Beneficiary Rights relating thereto) and (ii) a disclosed first ranking right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Accounts, the Liquidity Stand-by Drawing Account and certain Transaction Documents. The Trust Deed sets out the priority of the claims of the Secured Parties (see further the section entitled *Description of Security*).

## **Interest on the Notes**

The Reference Agent will determine the Rate of Interest for each Class of Notes and calculate the amount of interest payable on each of the Notes for the relevant Quarterly Interest Period by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Class of Notes respectively. If all Notes are held at any time by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear) prior to the First Optional Redemption



Date, such person may request a reset of the interest margin for each Class of Notes in accordance with Condition 5.6 (*Margin reset right for single Noteholder*).

### **Redemption of the Notes**

Unless previously redeemed in accordance with the Conditions, the Issuer will redeem all of the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in March 2079.

In the period from (and including) the Closing Date up to (but excluding) the Final Maturity Date, the Issuer shall, in addition to the application of any Savings Switch Available Amount to pay an amount equal to the Switch Amount to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement, apply any Receivable Available Amount (except that the Issuer shall not be permitted to apply any Substitute Receivable Available Amount to purchase any Substitute Receivables after the Quarterly Payment Date immediately preceding the First Optional Redemption Date), to purchase Further Advance Receivables, Replacement Receivables and/or Substitute Receivables to the extent that any such Mortgage Receivables are offered for sale by the Seller to the Issuer and provided that certain conditions are met. If the Seller has not offered Substitute Receivables, or only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer, subject to the Restriction, the Issuer may retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger. See further the section entitled *Mortgage Receivables Purchase Agreement*.

The Issuer has the right (but not the obligation) to redeem all (but not some only) of the Notes except for the Subordinated Class D Notes, on an Optional Redemption Date. Also, the Issuer will have the option to redeem the Notes in whole (but not in part) upon the occurrence of a tax change in accordance with the Conditions. In addition, the Issuer will redeem the Notes except for the Subordinated Class D Notes if the Seller exercises its Seller Clean-Up Option or Regulatory Call Option in accordance with the Conditions. Finally, the Issuer has the right (but not the obligation) to redeem all (but not only part of) the Notes except for the Subordinated Class D Notes on any Quarterly Payment Date if and to the extent that (i) all of the Notes (including the Subordinated Class D Notes) are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), and (ii) such person has granted its prior written consent to such redemption in full of such Notes. See further the section entitled *Terms and Conditions of the Notes*.

### **Listing**

Application has been made to list the Notes on Euronext Amsterdam.

### **Rating**

It is a condition to the issue of the Notes that, on or about the Closing Date:

- (a) the Senior Class A Notes be assigned on issue a credit rating of Aaa by Moody's;
  - (b) the Mezzanine Class B Notes be assigned on issue a credit rating of Aa3 by Moody's;
- and

(c) the Junior Class C Notes be assigned on issue a credit rating of A3 by Moody's.

The Subordinated Class D Notes shall not be rated.

**Risk factors**

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

## RISK FACTORS

*The factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section.*

*Prospective Noteholders should read the detailed information set out elsewhere in this document.*

*Defined terms used in this section and the other sections of this Prospectus can be found via the Index of Defined Terms.*

### **A General**

#### **1. Liabilities in respect of the Notes and limited recourse**

The Notes will be solely obligations of the Issuer, except for certain obligations of the Security Trustee pursuant to the Trust Deed relating to the Parallel Debt. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, any of the Transaction Parties (other than the Issuer). Furthermore, none of the Transaction Parties (other than the Issuer) or 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.

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on, *inter alia*, the receipt by it of funds under or in connection with the Mortgage Receivables, the proceeds of any sale of Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the Sub-Participation Agreement, and the receipt by it of interest in respect of the balances standing to the credit of the Accounts or otherwise from euro denominated demand or time deposits, certificates of deposits and other short-term unsecured debt obligations issued by the Account Bank (such investments, the "**Eligible Investments**"), provided that in all cases such investments have a maturity date falling no later than the date on which a payment is required to be made with the monies therein and that amounts due can be paid without reduction or withholding on account of tax. See further the section entitled *Credit Structure*. The balances standing to the credit of the Accounts and the amounts available to be drawn under the Liquidity Facility for certain of its payment obligations are also available to the Issuer.

Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Issuer to the Security Trustee pursuant to the Pledge Agreements. If the security granted pursuant to the Pledge Agreements is enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to amounts due under the Notes, are insufficient to repay in full principal and interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the security by the Security Trustee pursuant to the terms of the Trust

Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes.

*By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. Neither the Issuer nor the Paying Agents will have any responsibility for the proper performance by Euroclear Netherlands or its admitted institutions (aangesloten instellingen), Euroclear or Clearstream Luxembourg of their obligations under their respective rules, operating procedures and calculation methods.*

## **2. *Reliance on third parties***

Counterparties of the Issuer may not perform their respective obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations. In particular, it should be noted that there is a risk that Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. in its capacity as Seller, Swap Counterparty, Savings Mortgage Participant, Servicer, Account Bank, Floating Rate GIC Provider, Liquidity Facility Provider, Issuer Administrator, EN Principal Paying Agent or EN Paying Agent will not perform its obligations *vis-à-vis* the Issuer under the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Sub-Participation Agreement, the Servicing Agreement, the Account Bank Agreement, the Liquidity Facility Agreement, the Issuer Administration Agreement or the Paying Agency Agreement.

Prior to the service of an Enforcement Notice and unless otherwise instructed by the Issuer or the Security Trustee, and subject to certain limitations as to the term and nature of the particular instruments, the Account Bank (on behalf of the Issuer) is entitled to invest amounts standing to the credit of the Reserve Account in Eligible Investments. Such investments might be irrecoverable due to bankruptcy or insolvency of the debtor under the investment (i.e. Rabobank) or due to the loss of an investment amount during its transfer.

## **3. *No Gross-up for Taxes***

As provided in Condition 8 (*Taxation*), if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatever nature are imposed by or on behalf of The Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges by the Issuer or any Paying Agent (as the case may be) are required by law. In that event, the Issuer or that Paying Agent (as the case may be) will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders in respect of such withholding or deduction.

## **4. *EC Council Directive on the taxation of savings***

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

other countries). A number of non-EU countries and territories have (agreed to) adopt(ed) similar measures. Pursuant to Condition 6.6(b)(iii) (*Paying Agents*), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EU.

#### 5. ***Prepayment considerations***

The maturity of the Notes will depend on, amongst other things, the amount and timing of payment of principal (including full and partial prepayments, the sale of the Mortgage Receivables by the Issuer to the Seller, and the Net Proceeds upon enforcement of the relevant security securing, *inter alia*, a Portfolio Mortgage Loan) on the Portfolio Mortgage Loans.

The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Portfolio Mortgage Loans. The rate of prepayment of Portfolio Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including but not limited to home-owner mobility). No guarantee can be given as to the level of prepayment that the Portfolio Mortgage Loans may experience.

In the period from (and including) the Closing Date up to (but excluding) the Final Maturity Date, the Issuer shall, in addition to the application of any Savings Switch Available Amount to pay an amount equal to the Switch Amount to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement, apply (a) any Further Advance Receivable Amount, (b) any Replacement Receivable Available Amount, and (c) any Substitute Receivable Available Amount (together the "**Receivable Available Amounts**") (except that the Issuer shall not be permitted to apply any Substitute Receivable Available Amount to purchase any Substitute Receivables after the Quarterly Payment Date immediately preceding the First Optional Redemption Date), to purchase Further Advance Receivables, Replacement Receivables and/or Substitute Receivables to the extent that any such Mortgage Receivables are offered for sale by the Seller to the Issuer and provided that certain conditions are met (e.g. that the Further Advance Receivables, Replacement Receivables and Substitute Receivables and Further Advance Mortgage Loans, Replacement Mortgage Loans and Substitute Mortgage Loans meet the applicable Substitution Criteria and the Further Advance Mortgage Loans, Replacement Mortgage Loans and Substitute Mortgage Loans meet the Mortgage Loan Criteria). If the Seller has not offered Substitute Receivables, or only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer, subject to the Restriction, the Issuer may retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger. See further the section entitled *Mortgage Receivables Purchase Agreement*.

To the extent that there are any Receivable Available Amounts, there is a risk that during such period any (part of) a Receivable Available Amount cannot be applied to purchase such Mortgage Receivables (e.g. because such Mortgage Receivables are not offered by the Seller (for reasons that it did not acquire such Mortgage Receivables from the relevant Originator(s) or otherwise) or one or more conditions applying to the purchase of such Mortgage Receivables are not met) and/or that the Issuer does not elect, or is not entitled, to retain part or all of the

(remaining) Principal Available Funds. In such circumstances, any such Receivable Available Amount will be applied to redeem the Notes in accordance with Condition 7 (*Redemption, Purchase and Cancellation*) as a result of which the average maturity of the Notes may be affected.

If and when the Swap Counterparty has been informed that all Notes are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), the Swap Counterparty has the right to request the Issuer to use reasonable efforts to find a purchaser for all (but not some only) Mortgage Receivables sold and assigned to the Issuer at such time. The purchase price of the Mortgage Receivables should be sufficient to redeem all Notes (except for the Subordinated Class D Notes) in full. Any such request by the Swap Counterparty may result in an early redemption of the Notes given that the Issuer has the right (but not the obligation) to redeem all (but not only part of) the Notes except for the Subordinated Class D Notes on any Quarterly Payment Date if and to the extent that (i) all of the Notes (including the Subordinated Class D Notes) are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), and (ii) such person has granted its prior written consent to such redemption in full of such Notes. The average maturity of the Notes may be affected as a result thereof.

#### **6. *Notes, subordination and credit enhancement***

As stated in Condition 10 (*Subordination*), amongst other things, (a) the Senior Class A Notes rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes; (b) the Mezzanine Class B Notes rank in priority to the Junior Class C Notes and the Subordinated Class D Notes; and (c) the Junior Class C Notes rank in priority to the Subordinated Class D Notes, all in point of payment and security.

Principal Available Funds shall not be used to redeem the Subordinated Class D Notes. The Subordinated Class D Notes shall only be redeemed through the application of Interest Available Funds.

The subordination of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes with respect to each Class of Notes ranking higher in point of payment and security is designed to provide credit enhancement to the most senior class or classes (as applicable) of Notes, respectively. If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Portfolio Mortgage Loans, the Noteholders could receive an amount that is less than what is due and payable to it by the Issuer in respect of the amounts of principal and/or interest owed in respect of the Notes. Any losses on the Portfolio Mortgage Loans will be allocated first to the Class of Notes ranking most junior in point of payment and security, as described below. See further the section entitled *Credit Structure* and Condition 10 (*Subordination*).

#### **7. *Limited liquidity of the Notes***

There is not, at present, any active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes.

8. ***Maturity risk***

The ability of the Issuer to redeem the Notes in full pursuant to the occurrence of an event or circumstance under which it is required to or has the option to redeem the Notes, and accordingly, to pay all amounts due to the Noteholders, may depend upon whether the value of the Mortgage Receivables that need to be sold or otherwise realised, is sufficient to redeem the Notes.

9. ***Parallel Debt***

Because it is uncertain under Netherlands law whether a security right can be validly created in favour of a party that is not the creditor of the claim which the security right purports to secure, the Issuer has in the Trust Deed, as a separate and independent obligation undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. Such an arrangement is commonly referred to as a "parallel debt" arrangement. The Issuer has been advised that such a parallel debt creates a claim of the Security Trustee against the Issuer which can be secured by a right of pledge such as the rights of pledge created under the Pledge Agreements.

10. ***Swap Agreement***

*Interest rate risk*

The Issuer will receive, amongst other things, floating rate interest or a fixed rate of interest (subject to a reset, from time to time) on and in respect of the Mortgage Receivables it intends to purchase under the Mortgage Receivables Purchase Agreement. The Issuer will pay a fixed margin (which may be subject to a reset in accordance with Condition 5.6 (*Margin reset right for single Noteholder*)) plus the Euro Reference Rate on the Notes it intends to issue on the Closing Date and such fixed margin on the Notes will increase after the First Optional Redemption Date except for the Subordinated Class D Notes. To hedge the interest rate mismatch risk of the interest rate income the Issuer will receive under the Mortgage Receivables against the interest payments the Issuer is obliged to make under the Notes, the Issuer will on or before the Closing Date enter into the Swap Agreement with the Swap Counterparty. There can be no assurance that the Swap Agreement will adequately address the interest rate risk the Issuer is exposed to because of the reasons set out below and in case the Swap Counterparty fails to perform its obligations under the Swap Agreement.

*Termination and the failure to make payments under the Swap Agreement*

The transactions under the Swap Agreement may be terminated if:

- (a) there is an event of default under the Swap Agreement in respect of one party that affects the other party;
- (b) it becomes unlawful for either party to perform its obligations under the Swap Agreement;
- (c) an Enforcement Notice is served;
- (d) there is an Additional Termination Event (as defined in the Swap Agreement) as a result of the Notes being redeemed, repaid or written off in full in accordance with Condition

7.6 (*Redemption of the Notes following the exercise of the Seller Clean-Up Option by the Seller*), 7.7 (*Redemption of the Notes following the exercise of the Regulatory Call Option by the Seller*), 7.8(a) (*Optional redemption by the Issuer*), 7.8(c) (*Optional redemption by the Issuer*), or 7.9 (*Optional redemption for tax reason*); or

- (e) certain tax events occur.

A failure to make timely payments by the Issuer to the Swap Counterparty under the Swap Agreement will constitute an event of default under the Swap Agreement and entitle the Swap Counterparty to terminate the Swap Agreement. Any termination payment due from the Issuer to the Swap Counterparty will (a) rank in priority to amounts due and payable under the Notes in the Interest Priority of Payments (except for the payment of any Subordinated Swap Amounts to the Swap Counterparty); and (b) rank *pari passu* with respect to interest amounts due and payable under the Senior Class A Notes, and rank in priority to principal amounts due and payable under the Senior Class A Notes and interest and principal amounts due and payable under the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, in the Enforcement Priority of Payments (except for the payment of any Subordinated Swap Amounts to the Swap Counterparty). Payments of such amounts by the Issuer to the Swap Counterparty may reduce funds that would otherwise be available to make payments under the Notes.

The Swap Agreement provides that if any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall. In such circumstances, this may reduce the funds that would otherwise be available to the Issuer to make payments under the Notes.

If the Swap Agreement is terminated no assurance can be given as to the ability of the Issuer to enter into a replacement swap, or if one is entered into, as to the credit rating of a replacement swap counterparty.

#### *Novation by the Swap Counterparty*

In certain circumstances the Swap Counterparty has the right to novate (in whole or in part), the Swap Agreement to any third party subject to approval by the Security Trustee.

#### *Withholding or deduction*

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law subject to the right to novate (in whole or in part) the obligations under the Swap Agreement to a third party (as referred to in the below paragraph).

If any withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to:



- (a) action taken by a relevant taxing authority or brought in a court of competent jurisdiction; or
- (b) any change in tax law, in both cases after the date of the Swap Agreement,

the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a "**Tax Event**"), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

#### *Margin Reset*

If all Notes are at any time held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear) prior to the First Optional Redemption Date, such holder of all Notes can request a Margin Reset in respect of each Class of Notes. One of the conditions for agreement by each of the Issuer and the Security Trustee to any such Margin Reset Request is that the Swap Counterparty has given its approval to such Margin Reset in accordance with the Swap Agreement. Any such approval is at the discretion of the Swap Counterparty and there can be no assurance that such approval shall be given by the Swap Counterparty.

#### *Sale of Mortgage Receivables upon request by Swap Counterparty*

Furthermore, if and when the Swap Counterparty has been informed that all Notes are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), the Swap Counterparty has the right to request the Issuer to use reasonable efforts to find a purchaser for all (but not some only) Mortgage Receivables sold and assigned to the Issuer at such time. Any sale of the Mortgage Receivables by the Issuer following such request by the Swap Counterparty may result in an early redemption in full of the Notes.

See further the section entitled *Credit Structure – Interest Rate Hedging*.

#### 11. ***License requirement under the Netherlands Financial Markets Supervision Act***

By acquiring the Mortgage Receivables, the Issuer is deemed to provide consumer credit, which is a licensable activity under the FMSA. The Issuer can rely on an exemption from this licence requirement, if the Issuer outsources the servicing of the Mortgage Receivables and the administration thereof to an entity which is adequately licensed under the FMSA to act as consumer credit provider or intermediary and which complies with certain information duties towards the Borrowers. Pursuant to the Servicing Agreement, the Issuer outsources the servicing and administration of the Mortgage Receivables to the Servicer. In the Servicing Agreement, the Servicer represents and warrants that it is, and covenants that it shall remain, adequately licensed under the FMSA to act as consumer credit provider or intermediary and covenants that it shall comply with the information duties towards the Borrowers under or pursuant to the FMSA. If the Servicing Agreement is terminated, the Issuer will need to appoint a new servicer which must be adequately licensed in order for the Issuer to keep the benefit of exemptive relief. Alternatively, the Issuer needs to obtain a licence itself. There is no assurance that a new servicer holding the required licenses will be found or that the Issuer will be able to obtain such licenses, in which case the Issuer will have to terminate its activities and settle its existing agreements. There are certain entities in The Netherlands to which the Issuer could outsource

the servicing and administration services. However, it is uncertain whether and under which conditions such party would be prepared to enter into a servicing agreement with the Issuer at the relevant time.

## 12. *Credit ratings*

The ratings assigned to the Rated Notes by Moody's address the expected loss posed to investors at legal final maturity in relation to the initial principal balance of the Rated Notes. Credit ratings of debt securities represent rating agency's opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and, if applicable, interest payments and do not evaluate the risks of fluctuations in market value; therefore, credit ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an Issuer's current financial condition may be better or worse than a rating indicates. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agencies. The Subordinated Class D Notes shall not be rated.

## 13. *Conflicts of interest*

Rabobank is acting in a number of capacities (i.e., as Seller, Account Bank, Floating Rate GIC Provider, Issuer Administrator, Servicer, Savings Mortgage Participant, Swap Counterparty, Liquidity Facility Provider, EN Principal Paying Agent, EN Paying Agent and Manager) in connection with the transactions described herein. Rabobank 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 Rabobank and that Rabobank has no implicit or explicit obligation or duty to act in the best interest of Noteholders when performing its various functions.

ATC Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interests could arise. In this respect, it is noted that each of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is, with regard to the exercise of its powers and rights as either the sole director of the Issuer, the sole director of the Shareholder and the sole director of the Security Trustee, under the relevant Management Agreement bound by the restrictions set out in such Management Agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee and the other parties involved in the transaction contemplated by the Transaction Documents. The Security Trustee is a party to the Issuer Management Agreement for, *inter alia*, the better preservation and enforcement of its rights under the Issuer Rights Pledge Agreement.

## **B Mortgage Receivables**

### 1. *Transfer of Mortgage Receivables to the Seller*

Under Netherlands law a transfer of title to a receivable can be effected either by way of disclosed assignment (*openbare cessie*) or undisclosed assignment (*stille cessie*). Under Netherlands law, a disclosed assignment, in order to be effective, must be notified to the debtor of the receivable. For an undisclosed assignment to be effective, the deed of assignment should either be included in a notarial deed or registered with the competent Dutch tax authorities. In the case of an undisclosed assignment, notification to the debtor will still be required to avoid that such debtor may validly discharge its obligations (*bevrijdend betalen*) by making a payment to the assignor of the receivable.

The Originators and the Seller have entered into a securitisation support agreement (the "SSA") pursuant to which the Originators have authorised the Seller to effect a transfer (*juridische overdracht*) to the Seller of one or more Mortgage Receivables selected by the Seller for the purpose of selling and transferring such Mortgage Receivables to the Issuer under the terms of the Mortgage Receivables Purchase Agreement. The Mortgage Receivables will be transferred by the relevant Originator to the Seller by way of undisclosed assignment. The assignment of the Mortgage Receivables to the Seller on the Closing Date will be effected through registration of the deed of assignment with the competent Dutch tax authorities. The assignment of any Mortgage Receivables to the Seller after the Closing Date will be effected through the registration of the relevant deed of assignment with the competent Dutch tax authorities. Unless otherwise agreed between a relevant Originator and the Seller, the assignment of the Mortgage Receivables from the relevant Originator to the Seller will only be notified to the Borrowers if and when notification of the assignment of the Mortgage Receivables from the Seller to the Issuer is made to the Borrowers in accordance with the terms of the Mortgage Receivables Purchase Agreement. As long as no notification of the assignment of the Mortgage Receivables from the relevant Originator to the Seller has taken place, any payments made by the Borrowers under the Mortgage Receivables must continue to be made to the relevant Originator.

In addition, the SSA includes certain arrangements with regard to any Payment Claim RHB or any Local Rabobank(s) may have in respect of the relevant Mortgage Receivable. Furthermore, the SSA includes certain arrangements with respect to the management and administration of joint security interests in the Mortgages and Borrower Pledges, which are co-held by RHB and the relevant Local Rabobank(s). See further the section entitled *Mortgage Receivables Purchase Agreement* and *Security and other interests in Insurance Policies*.

## ***2. Transfer of Mortgage Receivables to the Issuer and Creation of Rights of Pledge in favour of the Security Trustee***

The Mortgage Receivables Purchase Agreement provides that the Mortgage Receivables will be transferred by the Seller to the Issuer by way of an undisclosed assignment. The assignment of the Mortgage Receivables to the Issuer on the Closing Date will be effected through registration of the deed of assignment with the competent Dutch tax authorities. The assignment of any Further Advance Receivables, Replacement Receivables and/or Substitute Receivables after the Closing Date will be effected through the registration of the relevant deed of assignment with the competent Dutch tax authorities. The assignment will only be notified to the Borrowers if an Assignment Notification Event occurs unless the Security Trustee, after having received confirmation from Moody's that the then current ratings of the Notes are not affected, instructs otherwise. See further the section entitled *Mortgage Receivables Purchase Agreement*.

As security for the Parallel Debt and any other liabilities of the Issuer to the Security Trustee under the Transaction Documents, the Issuer will grant to the Security Trustee (i) an undisclosed first ranking right of pledge (*stil pandrecht*) over the Mortgage Receivables pursuant to the Mortgage Receivables Pledge Agreement and (ii) a disclosed first ranking right of pledge (*openbaar pandrecht*) over the Issuer's rights under or in respect of the Accounts and the Liquidity Facility Stand-by Drawing Account, the Mortgage Receivables Purchase Agreement and certain other Transaction Documents to which it is a party, pursuant to the Issuer Rights Pledge Agreement. See further the section entitled *Description of Security*.

Registration of a deed of assignment after the Seller has been declared bankrupt or has become subject to special measures, will not be effective and, consequently, in such event legal title to the Mortgage Receivables will not pass to the Issuer. Similarly, registration of a deed of pledge after the Issuer has been declared bankrupt or has become subject to a suspension of payments, will not be effective and, consequently, in such event the Mortgage Receivables will not have been validly pledged in favour of the Security Trustee.

As long as no notification of the relevant assignments or pledge has taken place, any payments made by the Borrowers under the Mortgage Receivables must continue to be made to the relevant Originator or the Seller (as the case may be).

In respect of payments so made to the Seller after the notification of the assignment of the Mortgage Receivables pursuant to the SSA to the Seller but prior to the Seller having been declared bankrupt or having become subject to special measures, the Issuer will be an ordinary, non-preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post-insolvency payments, the Issuer will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate.

In respect of payments under pledged Mortgage Receivables made to the Issuer following notification of the assignment of the Mortgage Receivables to the Issuer but prior to notification of the pledge and prior to the Issuer having been declared bankrupt or having become subject to a suspension of payments, and not on-paid to the Security Trustee, the Security Trustee will be an ordinary, non-preferred creditor, having an insolvency claim. In respect of post-insolvency payments, the Security Trustee will be a preferred creditor having an insolvency claim. Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*). The position of the Security Trustee under the Issuer Rights Pledge Agreement would be similarly affected.

Notification of the assignment of the Mortgage Receivables to the Issuer can be validly given to the Borrowers after the Seller has been declared bankrupt or has become subject to special measures. Notification of the rights of pledge created pursuant to the Mortgage Receivables Pledge Agreement can be validly given to the Borrowers after the Issuer has been declared bankrupt or has become subject to a suspension of payments.

The Security Trustee can, in the event of bankruptcy or suspension of payments involving the Issuer, exercise its rights under the Pledge Agreements as if there were no bankruptcy or suspension of payments. However, if the Issuer would be declared bankrupt or becomes subject to a suspension of payments, the position of the Security Trustee as pledgee under the Pledge Agreements would be affected in some respects, the most important of which are, that: (i) a

mandatory cooling-off period (*afkoelingsperiode*) of up to four (4) months may apply in the case of bankruptcy or suspension of payments involving the Issuer (applicable in respect of each procedure), which, if applicable, would delay the exercise of enforcement rights under the Pledge Agreements, and (ii) the Security Trustee could be obliged to enforce its rights of pledge under the Pledge Agreements within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in the case of bankruptcy of the Issuer, failing which the bankruptcy trustee will be entitled to sell the relevant rights or assets and distribute the proceeds to the Security Trustee.

Furthermore, to the extent that rights purported to be pledged by the Issuer to the Security Trustee under the Issuer Rights Pledge Agreement are future rights, such assets are no longer capable of being pledged after a bankruptcy or suspension of payments involving the Issuer taking effect. The Issuer has been advised that this would for example apply to amounts that are paid to the Accounts and the Liquidity Facility Stand-by Drawing Account following the bankruptcy or suspension of payments involving the Issuer taking effect. The Issuer has also been advised that the rights of the Issuer under the Transaction Documents purported to be pledged to the Security Trustee under the Issuer Rights Pledge Agreement should likely be regarded as future rights. See further the paragraph entitled *Security and other interests in Insurance Policies* in respect of the Beneficiary Rights.

Furthermore, the issues described in this paragraph in respect of the (validity of the) assignment of Mortgage Receivables from the Seller to the Issuer apply, *mutatis mutandis*, to the assignment of Mortgage Receivables from the relevant Originator(s) to the Seller pursuant to the SSA.

The position of the Seller vis-à-vis an Originator in respect of payments made by the Borrowers under the Mortgage Receivables pre- and post-insolvency of such Originator is (therefore) similar to the position of the Issuer vis-à-vis the Seller as described above. Neither the Issuer nor the Security Trustee will in principle have any direct claim against an Originator in respect of payments made by a Borrower under the Mortgage Receivables.

The observations set out in this paragraph on pledges apply *mutatis mutandis* to any right of pledge or mortgage created by a Borrower pursuant to any Borrower Pledge or Mortgage, provided that in relation to Borrowers, insolvency proceedings are also deemed to include debt restructuring arrangements (*schuldsaneringsregelingen*).

### 3. ***RHB and Local Rabobanks***

The loan agreements (*schuldbekentenissen*) in connection with the mortgage loans provide that either (i) the relevant Local Rabobank is the sole creditor under the mortgage loan (such mortgage loan, a "**Sole Creditor LB Loan**"), (ii) RHB is the sole creditor under the mortgage loan (such mortgage loan, a "**Sole Creditor RHB Loan**") or (iii) that one or more Local Rabobanks as well as RHB are entitled to claim payment from the Borrower in respect of the mortgage loan (such mortgage loan, a "**Joint Creditor Loan**"). In the latter case, the loan agreement is executed by the relevant Local Rabobank(s) and RHB. The cooperation of RHB will be required for the assignment of the Mortgage Receivables resulting from such Joint Creditor Loan by the relevant Local Rabobank(s) to the Seller and the cooperation of the relevant Local Rabobank(s) will be required for the assignment of the Mortgage Receivables resulting from such Joint Creditor Loan by RHB to the Seller.

In the SSA RHB and each Local Rabobank provide such cooperation and, to the extent required, agree to assign their respective claim for payment (*vorderingsrecht*; the "**Payment Claim**") in respect of the relevant Mortgage Receivables to the Seller. Following the assignment of such Mortgage Receivables to the Seller pursuant to the SSA, RHB or the relevant Local Rabobank(s) (as the case may be) will no longer be entitled (*gerechtigd*) to the Payment Claims.

Prior to the notification of the assignment of the Mortgage Receivables (including the Payment Claim in respect of such Mortgage Receivables), the Borrower can discharge his payment obligations under the Mortgage Receivables by paying to RHB or the relevant Local Rabobank(s) (as the case may be) and RHB or the relevant Local Rabobank(s) (as the case may be) will be able to collect the Payment Claim. However, RHB and each Local Rabobank will agree in the SSA that it will refrain from collecting any Payment Claims following the assignment of such Mortgage Receivables to the Seller.

The matters described in the paragraph entitled *Transfer of Mortgage Receivables to the Issuer and Creation of Rights of Pledge in favour of the Security Trustee* above apply to the extent that they relate to an assignment *mutatis mutandis* to the assignment of the Payment Claims.

#### 4. ***Impact of Reorganisations on Security Structure***

##### *Introduction*

The Rabobank Group has been and continues to be subject to reorganisations that have resulted in a reduction of Local Rabobanks and rationalisation of businesses of Local Rabobanks. Taking into account the state of the law at the time that the relevant reorganisation occurred, such reorganisation consisted of (i) a contractual transfer of all assets and liabilities of a Local Rabobank to another Local Rabobank, (ii) a legal merger (*fusie*) of one or more Local Rabobanks, (iii) a contractual transfer of certain assets and liabilities of a Local Rabobank to another Local Rabobank (including particular client relationships) and (iv) a legal demerger (*afsplijting*) of certain assets and liabilities of a Local Rabobank (including particular client relationships) to another Local Rabobank. The arrangements referred to under (i) and (iii) were mainly used until 1 October 2004. Since 1 October 2004 reorganisations are normally effected through the arrangements set out in (ii) and (iv).

The observations set out below only apply to security interests that constitute Bank Mortgages. See further the paragraph entitled *Bank Mortgages* and *Joint Security* below.

The reorganisation arrangements have an impact on the security structure that support the relevant Mortgage Loans. More in particular, if the relevant Mortgage Loan is a Sole Creditor LB Loan and has been transferred as part of the reorganisation in accordance with the arrangements described under (i) and (iii) above, the corresponding Mortgage Receivables will not have the direct benefit of a Bank Mortgage, but will be secured through a surety arrangement as further described below.

##### *Contractual transfers*

In the circumstances where the reorganisation is effected through a contractual transfer of assets and liabilities by one Local Rabobank (the "**Transferring Bank**") to another Local Rabobank (the "**Acquiring Bank**"), the Transferring Bank transfers the relevant contractual relationship to the Acquiring Bank (including the relevant Mortgage Loan). The relevant contract provides,

*inter alia*, that any Bank Mortgage is explicitly excluded from such transfer. However, the Transferring Bank grants a surety (*borgtocht*) (the "**LB Surety**") to the Acquiring Bank with regard to any claims which the Acquiring Bank may have on the Borrower under the transferred Mortgage Loan. The amount payable under the LB Surety is limited to the foreclosure proceeds of the Bank Mortgage.

Based on this arrangement, if a Borrower under a Mortgage Receivable fails to pay, the Acquiring Bank can demand payment from the Transferring Bank under the LB Surety. If the Transferring Bank makes a payment under the LB Surety it obtains a recourse claim against the Borrower, for which it can (if the Borrower also fails to pay this recourse claim) foreclose under the Bank Mortgage and use the proceeds thereof to reimburse the payment it made under the LB Surety.

The Acquiring Bank has therefore not obtained a direct interest in the Bank Mortgage but an indirect interest (through the Transferring Bank) in the Bank Mortgage that is subject to the arrangements set out in the LB Surety and the relevant Mortgage Receivables will be secured by the LB Surety rather than by the Bank Mortgage. The recourse obligations under the LB Surety are secured by the Bank Mortgage.

Where the Transferring Bank transferred all of its assets and liabilities to the Acquiring Bank, this was done with a view that such Transferring Bank would be dissolved and in due course be liquidated. Such liquidation was, however, not possible for as long as claims under the LB Surety existed, since final liquidation of the Transferring Bank would result in the loss of the Bank Mortgage.

Since 2004, however, Local Rabobanks that are in the course of liquidation and have issued LB Sureties have been merged with other Local Rabobanks. In order to ensure that the LB Surety and the related Bank Mortgage would not be extinguished as a result of such merger, the Seller incorporated Stichting Waarborg Rabobank, a Dutch law foundation (*stichting*, hereafter the "**Stichting**") for the purpose described below.

Immediately prior to the legal merger (in which case all assets and liabilities of the transferring Local Rabobank will be transferred under universal title to the acquiring Local Rabobank) of a Local Rabobank (which for the purpose of this paragraph is also referred to as a Transferring Bank) and another Local Rabobank (which for the purpose of this paragraph is also referred to as an Acquiring Bank), the Stichting grants a surety (the "**Stichting Surety**") to the Acquiring Bank for, *inter alia*, all obligations of the Borrower under the relevant Mortgage Loan to the Acquiring Bank. The Transferring Bank thereupon grants a surety (the "**TB Surety**" and together with the LB Surety and the Stichting Surety, the "**Sureties**") to the Stichting for the Stichting's recourse claim under the Stichting Surety against the Borrower.

The legal merger is effected after the Stichting and the Transferring Bank have granted the Stichting Surety and the TB Surety, respectively, and the Acquiring Bank will have acquired a claim on the Borrower that is secured by the Bank Mortgage (albeit on an indirect basis (through the Stichting Surety)). See also the paragraph entitled *Legal merger and demerger* below.

Under Dutch law a surety is an accessory right (*afhankelijk recht*) that follows by operation of law the receivable with which it is connected. Furthermore, a surety is an ancillary right

(*nevenrecht*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law. As there is no indication in the text of the Sureties that they have to be construed as purely personal rights, the rights under the Sureties should in principle follow the Mortgage Receivable if such Mortgage Receivable is transferred. This means that if the Acquiring Bank assigns the corresponding Mortgage Receivables to the Seller, and the Seller assigns such Mortgage Receivables to the Issuer, the Mortgage Receivables will continue to be secured by the LB Surety or the Stichting Surety (as the case may be), and the Seller and the Issuer, respectively, will therefore have an indirect interest in the Bank Mortgage.

The involvement of the Transferring Bank in case of Mortgage Receivables secured by the LB Surety and the involvement of the Stichting and the Acquiring Bank in case of Mortgage Receivables secured by the Stichting Surety will be required for the foreclosure of the Bank Mortgage. The SSA contains, *inter alia*, arrangements with the Local Rabobanks and the Stichting that confirm the foreclosure arrangements on the basis of the Sureties as described above.

If the Local Rabobank holding the Bank Mortgage on the basis of the Sureties is declared bankrupt or becomes subject to special measures, the Issuer will require the cooperation of the relevant bankruptcy official of such Local Rabobank in order to foreclose the Bank Mortgage granted in connection with a Portfolio Mortgage Loan whilst the claims under the Sureties are themselves unsecured and non-preferred payment obligations of the relevant Local Rabobank.

Therefore, it is uncertain if in these circumstances the Issuer will receive any of the proceeds resulting from a foreclosure of the Bank Mortgage if the Issuer made a claim under the LB Surety or Stichting Surety (as the case may be). In relation to NHG Mortgage Receivables, it should be noted that if the Issuer does not have the benefit of the mortgage right (which will be the case if the security arrangements are based on the Sureties), it also will not be entitled to claim under any NHG Guarantee or any guarantee from the relevant Dutch municipality.

If the relevant Mortgage Loan is a Joint Creditor Loan, both the relevant Local Rabobank(s) and RHB will be a creditor under the corresponding Mortgage Receivables and both will have the benefit of the Bank Mortgage in connection with such Mortgage Receivables. Since RHB and the relevant Local Rabobank(s) will jointly enter into the SSA and assign the relevant Mortgage Receivables and related Payment Claims to the Seller, the Seller will in these circumstances be able to benefit from (i) the Bank Mortgage directly as a result of the transfer of such Bank Mortgage in connection with the assignment of the Mortgage Receivables and/or related Payment Claims (by RHB) and (ii) an indirect interest in the Bank Mortgage through the arrangements created pursuant to the Sureties.

Upon an assignment of the Mortgage Receivables by the Seller to the Issuer, the Issuer will benefit from the same security arrangements. If the Local Rabobank holding the Bank Mortgage would be declared bankrupt or becomes subject to special measures, the Issuer will, in addition to the surety arrangements, have a direct interest in the Bank Mortgage and therefore still be able to benefit from the rights under the Bank Mortgage which it received through RHB. See further the paragraphs entitled *Bank Mortgages* and *Joint Security* below.

*Legal merger and demerger*



Since 1 October 2004, the reorganisations of Local Rabobanks have mainly been effected through legal mergers and demergers. In the case of a legal merger, all assets and liabilities of the transferring Local Rabobank will be transferred under universal title to the acquiring Local Rabobank. After the legal merger the transferring Local Rabobank will cease to exist. Under a legal demerger, a Local Rabobank will transfer a certain part of its assets and the liabilities corresponding thereto with regard to specific clients (including the Mortgage Loans with such clients) under universal title to another Local Rabobank.

Although there is no case law to support this view, there are good arguments that in the above circumstances the acquiring Local Rabobank will obtain the Bank Mortgage that was originally granted to the transferring Local Rabobank by operation of law. The basis for this argument is that the acquiring Local Rabobank will continue the credit relationship (*kredietrelatie*) with the client of the transferring Local Rabobank and that the Bank Mortgage transfers together with that relationship. The Mortgage Receivables will in that case be directly secured by the Bank Mortgage.

Assuming that the above view is correct, the Seller will upon a transfer of the Mortgage Receivables by the Originators and the Issuer will upon a transfer of the Mortgage Receivables by the Seller, obtain the benefit of the Bank Mortgage in respect of the transferred Mortgage Receivables and hold a direct interest in such security.

#### *Surety structures between Local Rabobanks*

In addition to the arrangements described in the sub-paragraph *Introduction* under this paragraph *Impact of Reorganisations on Security Structure*, there are a limited number of Mortgage Loans that are secured through a similar surety structure as described in that paragraph without the Mortgage Loan having been transferred as part of a reorganisation. This is mainly the case in respect of Mortgage Loans granted to personnel of the Rabobank Group. A Local Rabobank in whose name a Bank Mortgage is registered will in these circumstances grant a surety (the "**Intra Bank Surety**") to another Local Rabobank that has provided the Mortgage Loan to the Borrower. Under this surety, the Local Rabobank guarantees the payment obligations of the Borrower towards the Local Rabobank providing the Mortgage Loan. The amount payable under this surety is however limited to the foreclosure proceeds of the Bank Mortgage.

In these circumstances, the Mortgage Receivables will therefore not be secured directly by the Bank Mortgage, but indirectly through the surety arrangement. The observations set out in the paragraph *Impact of Reorganisations on Security Structure* apply *mutatis mutandis* to this arrangement.

## 5. **Bank Mortgages**

### *General*

Most of the Mortgage Deeds provide that the mortgage rights secure the amounts which are due or may become due from the Borrowers to the relevant Originator(s) in connection with loans, current account claims or claims of whatever nature. Such Mortgage Deeds should be regarded as constituting "*bankhypotheken*" ("**Bank Mortgages**"). Some of the Mortgage Deeds are

regarded as fixed mortgages, which only secure the relevant Mortgage Loan (the "**Fixed Mortgages**" and together with the Bank Mortgages the "**Mortgages**").

The observations in paragraphs *Impact of Reorganisations on Security Structure*, *Bank Mortgages* and *Joint Security* in respect of Bank Mortgages below also apply to other security interests such as of rights of pledge (such rights of pledge, including the Borrower Insurance Pledges, the "**Borrower Pledges**" and the Borrower Pledges together with the Mortgages, the "**Relevant Security**") granted by a Borrower in favour of the relevant Originator(s) to secure amounts which are due or may become due from that Borrower to that relevant Originator(s) as a result of Mortgage Loans and, as the case may be, other loans, current account claims or claims of whatever nature. Therefore, the arrangements that will be entered into by the Seller on behalf of the relevant Originator(s) with the Issuer and/or the Security Trustee (as applicable) as described below, will also be entered into by such parties in respect of the Borrower Pledges.

As stated above in the paragraph *Impact of Reorganisation on Security Structure*, if the Mortgage Receivables are secured through the Sureties, the Issuer will not obtain the direct benefit of the mortgage rights. In relation to NHG Mortgage Receivables, it should be noted that if the Issuer does not have the direct benefit of the mortgage right for the reasons described below, it also will not be entitled to claim under any NHG Guarantee or any guarantee from the relevant Dutch municipality.

#### *Case law and literature*

It is not in all circumstances clear whether, in the event of assignment or pledge of a receivable secured directly by a Bank Mortgage, the mortgage rights created by the Bank Mortgage will follow such a receivable.

Relevant case law indicates that the question of whether the mortgage rights created by the Bank Mortgage will follow the receivables is dependent on the intention of the parties at the time that they entered into the Mortgage Deed. If the parties intended the mortgage right to be a personal right of the mortgagee, it could be argued that the mortgage right will not follow the receivable. In other cases, the mortgage right would in principle follow the receivable.

The view described in the previous paragraph is supported by recent legal literature. However, in other legal literature the view has been defended that the Bank Mortgage would only follow the receivables which it directly secures if the relationship between the lender and the borrower has been terminated in such a manner that, following the transfer of the receivables, the lender can no longer acquire new receivables that would be secured by the Bank Mortgage. In line with this view, Dutch mortgage securitisation transactions typically provided for a partial termination of the Bank Mortgage by the lender to the extent that it related to receivables that were not securitised. The Issuer has however been advised that, for the reasons set out below, such partial termination is not required in the current circumstances.

#### *Interpretation*

In determining whether a Bank Mortgage follows the receivable to which it is connected, the wording of the relevant Mortgage Deed is a clear indication of the intentions of the parties. The forms of Mortgage Deeds used by the relevant Originators do not contain any explicit provision as to whether the mortgage right partially follows the Mortgage Receivable upon assignment or

pledge of the Mortgage Receivable to a third party. However, the Issuer has been advised that taking into account the nature of a mortgage right as an ancillary right rather than a personal and an independent right, the mortgage right will partially follow the Mortgage Receivable upon assignment or pledge of the Mortgage Receivable to a third party, unless the parties to the Mortgage Deed actually intended the mortgage right to be a personal and independent right of the mortgagee rather than a right that is ancillary to the receivables it purports to secure. The Seller has represented in the Mortgage Receivables Purchase Agreement that neither the Seller nor an Originator has entered into any agreements with a Borrower with a view to enabling or converting an existing mortgage right into such right on behalf of the Seller or relevant Originator.

For the reasons set out above, the Issuer has been advised that the mortgage rights that directly secure the obligations of the Borrower under a Portfolio Mortgage Loan will partially follow the related Mortgage Receivables upon their transfer.

## 6. *Joint Security*

### *General*

With regard to Joint Creditor Loans, it is possible that the Mortgage Receivables and other claims of the relevant Local Rabobank(s) and/or RHB are secured by the same Bank Mortgage and the relevant Bank Mortgage is, therefore, co-held by the relevant Local Rabobank(s) and/or RHB (and following the assignment of such Mortgage Receivables to the Seller), the Seller as holders of receivables against the Borrower.

### *Subordination*

In addition, each Bank Mortgage co-held by the relevant Local Rabobank(s) and RHB (and following the assignment of such Mortgage Receivables to the Seller, the Seller) provides that the receivables that the relevant Local Rabobank(s) from time to time may have against the relevant Borrower shall be subordinated to the Mortgage Receivables (including any Further Advance Receivables) and other receivables from time to time owed by that relevant Borrower to RHB unless otherwise agreed between RHB and the relevant Local Rabobank(s). The Mortgage Deeds further provide that the recourse of the Local Rabobank(s) is limited to the proceeds that remain after the application of the proceeds to pay the amounts due to RHB (any agreement between the relevant Local Rabobank(s) and RHB in the relevant loan agreement (or related document entered into with the Borrower, including the relevant mortgage deed), in which each such Local Rabobank subordinates its claims against the relevant Borrower and in respect of the Mortgage and other relevant security to any claims of RHB against the relevant Borrower and in respect of such Mortgage and other relevant security, a "**Subordination Agreement**").

In order to avoid that the Issuer, upon assignment to it by the Seller of the relevant Mortgage Receivables relating to a Local Rabobank Mortgage Loan Part, acquires a subordinated position vis-à-vis RHB under the relevant Mortgage Deeds as described above, the Mortgage Receivables Purchase Agreement provides that Mortgage Receivables relating to a Local Rabobank Mortgage Loan Part are only eligible to be sold and assigned to the Issuer if all Mortgage Receivables relating to RHB Mortgage Loan Parts that are secured by the same Relevant Security as such Local Rabobank Mortgage Loan Part and in respect of which a

Subordination Agreement applies, are also assigned to the Issuer by the Seller. If no Subordination Agreement applies to such Local Rabobank Mortgage Loan Part (including the related Mortgage(s)), such Mortgage Receivables are nonetheless eligible to be sold and assigned to the Issuer. As a result of the Issuer having a *pro rata* entitlement to the proceeds of such Mortgage(s) only, there may be insufficient foreclosure proceeds to pay all claims of the Issuer in full. See also the paragraph entitled *Pari passu ranking* below.

In addition, the Mortgage Receivables Purchase Agreement provides that if RHB agreed with a Borrower to grant any loan, advance or other form of credit (other than a Further Advance) secured by the same Relevant Security as the Portfolio Mortgage Loan relating to Mortgage Receivables sold and assigned to the Issuer and which Portfolio Mortgage Loan and/or Relevant Security is subject to a Subordination Agreement, such Mortgage Receivables will need to be repurchased by, and reassigned to, the Seller. Also, if (i) the Seller is required to repurchase and accept the re-assignment of any Mortgage Receivable relating to any Selected RHB Mortgage Loan Part which has the benefit of a Subordination Agreement pursuant to any Receivable Repurchase Event and (ii) at the relevant date of repurchase and re-assignment one or more Selected Local Rabobank Mortgage Loan Parts are outstanding which are subject to that Subordination Agreement, the Seller shall in accordance with the Mortgage Receivables Purchase Agreement, on such date of repurchase and re-assignment also repurchase and accept the re-assignment from the Issuer all Related Repurchase Receivables relating to such Selected Rabobank Mortgage Loan Part(s) that are secured (directly or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) by the same Relevant Security as such relevant Mortgage Receivable (unless the Seller is already obliged to repurchase such Related Repurchase Receivable on such date of repurchase and re-assignment as a result of the occurrence of any Repurchase Event). If no Subordination Agreement applies to such Selected Local Rabobank Mortgage Loan Parts (including the related Mortgage(s)), the corresponding Mortgage Receivables are not required to be repurchased by the Seller. Furthermore, no repurchase obligation exists for the Seller in the event that a Local Rabobank agrees with a Borrower to grant any loan, advance or other form of credit secured by the same Relevant Security as the relevant Portfolio Mortgage Loan (other than a Further Advance).

As a result of the Issuer having a *pro rata* entitlement to the proceeds of such Mortgage only, there may be insufficient foreclosure proceeds to pay all claims of the Issuer in full. See also the paragraph entitled *Pari passu ranking* below.

However, there is a risk that any repurchase and reassignment of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement cannot be completed (e.g. as a result of the Seller having been declared bankrupt or having become subject to special measures). If such repurchase and reassignment of Mortgage Receivables cannot be completed, the Issuer will be bound by the relevant Subordination Agreement and will therefore have a subordinated position in respect of any proceeds of foreclosure of the relevant security interests vis-à-vis RHB (or any other party to which RHB has assigned any receivables that are secured by a Bank Mortgage), which can take recourse first in respect of such proceeds.

#### *Pari passu ranking*

The claims of the Issuer under the Bank Mortgages and the Sureties rank *pari passu* with the claims of the Local Rabobanks (or any other party to which such Local Rabobank has assigned

any receivables that are secured by a Bank Mortgage) and/or RHB (or any other party to which RHB has assigned any receivables that are secured by a Bank Mortgage) (insofar relating to Mortgage Loans in respect of which the Issuer acquired the relevant Mortgage Receivables and to which a Subordination Agreement does not apply) secured by the same Bank Mortgage. This means that upon a foreclosure of a Bank Mortgage, the Issuer will only have a *pro rata* entitlement to the proceeds of such Bank Mortgage.

No arrangements will be made between the Local Rabobanks, RHB and the Issuer that mitigate the risk that there will be insufficient foreclosure proceeds to pay both the claims of the Issuer, RHB and/or the relevant Local Rabobank(s) in full.

#### *Authority to foreclose*

With respect to Joint Creditor Loans and Sole Creditor Loans, if RHB and/or a relevant Local Rabobank still have/has claims against the Borrowers, the Bank Mortgage will, following a perfected assignment or pledge of the Mortgage Receivables, be co-held by the Issuer as holder of the Mortgage Receivables (or the Security Trustee as pledgee of the Mortgage Receivables), and RHB and/or the relevant Local Rabobank(s) (or any of their assignees). The Bank Mortgage would in that case secure the Mortgage Receivables (held by the Issuer or pledged to the Security Trustee) and any claims of RHB and/or the relevant Local Rabobank(s) (or their assignees) against a relevant Borrower.

The rules applicable to co-ownership (*gemeenschap*) will apply to such co-held security. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights.

In the Mortgage Receivables Purchase Agreement, the Seller on behalf of itself, RHB and each Local Rabobank will agree with the Issuer and the Security Trustee that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-held rights. The Seller on behalf of itself, RHB and each Local Rabobank will further agree that, in case they transfer any receivables secured by the same Bank Mortgage as the Mortgage Receivables, it will ensure that the relevant transferee will make similar arrangements with the Issuer and the Security Trustee.

It is uncertain whether the foreclosure of the mortgage rights will be considered as day-to-day management, and consequently the consent of the bankruptcy trustee (in case of bankruptcy) or administrator (in case of special measures) of RHB or a relevant Local Rabobank, as the case may be, or their assignee, may be required for such foreclosure. Such consent may be difficult to obtain or be delayed and adversely affect the ability of the Issuer to exercise the mortgage rights and to take recourse against the property secured by the Mortgage Deed.

#### **7. Investment Mortgage Loans**

Under the Investment Mortgage Loans, the Borrowers do not pay principal on the Mortgage Loans prior to the Mortgage Loan's maturity. Instead, the Borrowers can invest amounts in a portfolio of securities managed by Rabobank, in certain investment funds managed by Robeco (which currently forms part of the Rabobank Group) and/or in a savings account held in the name of the Borrower with the relevant Originator (the "**IM Savings Element**"). The investments will be pledged to the relevant Originator(s) pursuant to the Borrower Pledges.

The securities portfolio and the shares in the investment funds will be held through a securities account in the name of the Borrower with the relevant Originator. The rights of the Borrower in

respect of the securities held in the securities account are in principle protected against an insolvency of the relevant Originator as a result of applicable Dutch legislation relating to ownership of certain securities or, if this legislation is not applicable, the measures taken by the relevant Originator to ensure segregation of clients' assets. If the relevant Originator does not act in accordance with the applicable legislation or the measures (which it however has undertaken not to do), this could lead to set-off or defences similar to those described under *Insurance Policies* below.

Furthermore, if the relevant Originator would fail to repay the IM Savings Element to the Borrower, the Borrower would be able to offset an amount equal to the IM Saving Element at the time against the amounts owed by the Borrower under the Portfolio Mortgage Loan, as further described in the paragraph entitled *Set-off* below.

The observations set out in this paragraph *Investment Mortgage Loans* apply *mutatis mutandis* to Hybrid Mortgage Loans.

#### 8. ***NHG Guarantee and Dutch municipality guarantee***

The NHG Portfolio Mortgage Loans will have the benefit of either a NHG Guarantee or a guarantee granted by a Dutch municipality. Pursuant to the terms and conditions ('*voorwaarden en normen*') of the NHG Guarantee, the '*Stichting Waarborgfonds Eigen Woningen*' ("**WEW**") has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. The same may apply in respect of a guarantee granted by a Dutch municipality. The Seller will, therefore, on the Closing Date represent and warrant that (i) to the best of its knowledge and belief each NHG Guarantee and each guarantee granted by a Dutch municipality connected to a NHG Portfolio Mortgage Loan constitutes legal, valid and binding obligations of the WEW and the relevant Dutch municipality, as the case may be, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee or the guarantee from the relevant Dutch municipality, as the case may be, at the time of origination of the NHG Portfolio Mortgage Loan were complied with and (iii) it is not aware of any reason why any claim under any NHG Guarantee or under the guarantee from the relevant Dutch municipality, as the case may be, should not be met in full and in a timely matter.

Furthermore, the terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee of the WEW will terminate upon expiry of a period of thirty (30) years after the establishment of the NHG Guarantee. Since part of the NHG Portfolio Mortgage Loans will have a maturity date which falls after the expiry date of the relevant NHG Guarantee this will result in the Issuer not being able to claim for payment with the WEW of a loss incurred after the term of the NHG Guarantee has expired.

Finally, the terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount that is equal to the amount of the monthly repayments as if the mortgage loan were to be repaid on a thirty-year annuity basis. The actual redemption structure of an NHG Portfolio Mortgage Loan can be different (see further the section entitled *Description of Portfolio Mortgage Loans and Mortgage Loans*). This may result in the Issuer not being able to fully recover any loss incurred with the WEW.

The terms and conditions applying to the municipality guarantees may also include provisions which are similar to the terms and conditions applying to NHG Guarantees referred to above.

See further the section entitled *NHG Guarantee Programme*.

#### 9. *Construction Deposits*

Certain Mortgage Receivables relate to a mortgage loan agreement under which the relevant Borrower has requested part of the loan to be disbursed into a Construction Deposit. The intention is that when the applicable General Mortgage Conditions are met, the Construction Deposit is applied towards the relevant construction and/or improvement costs of the Borrower and/or in repayment of the relevant part of the mortgage loan. In the Mortgage Receivables Purchase Agreement it will be agreed that in cases as abovementioned, the full Mortgage Receivable will be sold to the Issuer. The Construction Deposits are held with the relevant Originator.

Furthermore, with respect to NHG Portfolio Mortgage Loans, pursuant to the current NHG Conditions, a Construction Deposit has to be paid out after it has been demonstrated on the basis of invoices that the costs regarding the relevant building activities or renovation activities actually have been made. If the remaining Construction Deposit exceeds €2,500 such Construction Deposit will be set-off against the NHG Mortgage Receivable up to the amount of the Construction Deposit. Pursuant to the current NHG Conditions, if the remaining Construction Deposit is less than €2,500 the relevant Originator has the right to pay out the remaining amount to the Borrower.

There is a risk that the relevant Originator becomes bankrupt or subject to special measures and that such Originator cannot pay out the Construction Deposits. If this happens a Borrower may be allowed to set-off his receivable in respect of the Construction Deposit against the related Mortgage Receivable that was assigned to the Seller and the Issuer, respectively.

It is furthermore uncertain whether the assignment of the part of a Mortgage Receivable relating to a Construction Deposit will be effective if such Construction Deposit is paid out on or after the date on which a relevant Originator is declared bankrupt or becomes subject to special measures. Such assignment would in principle only be effective if the part of the Portfolio Mortgage Loan relating to the Construction Deposit is deemed to be drawn in full by the Borrower at the time that the Construction Deposit was created. However, neither statute nor case law provides certainty as to whether the part of the Portfolio Mortgage Loan relating to the Construction Deposit is deemed to be drawn in full by the Borrower if and when the Construction Deposit is created or if and when the Construction Deposit is paid out to the Borrower. Therefore, if an assignment of the part of the Mortgage Receivable relating to a Construction Deposit would not be effective if the Construction Deposit would be paid out on or after the date on which a relevant Originator is declared bankrupt or becomes subject to special measures, the part of the Mortgage Receivable relating to the Construction Deposit would not be available to the Issuer.

#### 10. *Set-off*

Under Netherlands law a Borrower will, subject to the legal requirements for set-off being met, be entitled to set-off amounts due by the relevant Originator(s) that is/are creditor(s) of the

relevant Mortgage Loan and/or the Seller to the Borrower (if any) with amounts the Borrower owes in respect of the relevant Mortgage Loan. After notification to a Borrower of the assignment and/or pledge, the Borrower will also have set-off rights vis-à-vis the Issuer and the Security Trustee (as the case may be), provided that the legal requirements for set-off are met, and further provided that:

- (a) the counterclaim of the Borrower results from the same legal relationship as the relevant Portfolio Mortgage Loan;
- (b) with respect to counterclaims against an Originator, the counterclaim of the Borrower came into existence and became due prior to the assignment of the Mortgage Receivables to the Seller and notification thereof to the relevant Borrower; or
- (c) with respect to counterclaims against the Seller, the counterclaim of the Borrower came into existence and became due prior to (i) the assignment of the Mortgage Receivables to the Issuer, or (ii) the creation of the rights of pledge pursuant to the Mortgage Receivables Pledge Agreement, and in each case notification thereof to the relevant Borrower.

The Issuer has been advised in this respect that amounts standing to the credit of an account (including deposits accounts and any Hybrid Savings Account connected to a Hybrid Mortgage Loan) which a Borrower maintains with an Originator, are considered amounts due by such Originator to the Borrower and are therefore capable of being offset in accordance with the observations set out in the foregoing paragraph. This implies that after notification of the assignment of the Mortgage Receivables to the Seller and the Issuer, respectively, or the pledge to the Security Trustee (as the case may be), the Borrower can offset amounts that result from the same legal relationship as the relevant Portfolio Mortgage Loan (and the question whether this is the case depends on all relevant circumstances) or amounts that are standing to the credit of the accounts at the time that the notification is given (and provided that the amount can be withdrawn from the account at such time). If amounts are credited to the account after notification of the assignment or pledge has been given, the Borrower can in principle not offset such additional amounts (unless they are part of the same legal relationship as the Portfolio Mortgage Loan).

If notification of the assignment of the Mortgage Receivables to the Seller and the Issuer, respectively, is made after the bankruptcy or special measures of the relevant Originator and/or Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code (*Faillissementswet*). Under the Netherlands Bankruptcy Code a person which is both debtor and creditor of the person being declared bankrupt, can set off its debt with a claim, if such claim (i) came into existence prior to the bankruptcy having become effective or (ii) resulted from transactions entered into with the person being declared bankrupt prior to the bankruptcy having become effective. This also applies *mutatis mutandis* in respect of the notification of the right of pledge over the Mortgage Receivables to the Security Trustee after the bankruptcy or suspension of payments having become effective in respect of the Issuer.

The Mortgage Receivables Purchase Agreement will provide that if a Borrower offsets amounts (including any amount representing a Construction Deposit) due to the Borrower by an



Originator and/or the Seller against any amount due by the Borrower in connection with a Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the relevant Originator and/or the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

In order to mitigate the abovementioned set-off risk in relation to Hybrid Mortgage Receivables if and to the extent the relevant Hybrid Savings Account shows a positive balance, the Seller (as Savings Mortgage Participant) and the Issuer will enter into the Sub-Participation Agreement (see further *Insolvency of Savings Insurance Company or Life Insurance Companies* below and the section entitled *Sub-Participation Agreement*). No sub-participation or other structural arrangements will be in place that mitigate the consequences of a Borrower invoking set-off rights or defences with respect to payments made by the Borrower into a Hybrid Securities Account which are invested in one or more investment funds. See, however, *Investment Mortgage Loans* above.

For specific set-off related issues relating to Savings Mortgage Loans, OpMaat Mortgage Loans, Investment Mortgage Loans and Interest-Only Mortgage Loans having the benefit of a Life Insurance Policy, reference is made to *Insurance Policies* below and with respect to specific set-off related issues relating to Investment Mortgage Loans, reference is also made to *Investment Mortgage Loans* above.

#### 11. ***Long lease***

The mortgage rights securing, *inter alia*, the Portfolio Mortgage Loans may be vested in a long lease (*erfpacht*), as further described in the section entitled *Description of Portfolio Mortgage Loans and Mortgage Loans*.

A long lease will terminate, *inter alia*, as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration agreed under the long lease for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder, such compensation to be calculated in accordance with the applicable rules of Netherlands law. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. The amount of the compensation will be determined by, amongst other things, 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 relevant Originators have taken into consideration the conditions of the long lease, including its term. The acceptance conditions used by the Originators provide that the Mortgage Loan must have a maturity that is equal to or shorter than the term of the long lease.

#### 12. ***Payments on the Portfolio Mortgage Loans***

Payments on the Portfolio Mortgage Loans are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by, and insolvencies of, Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Portfolio Mortgage Loans.

13. ***Risks of Losses associated with declining values of Mortgaged Assets***

The security for the Notes created under the Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

14. ***Repayment of Interest-Only Mortgage Loans***

The terms and conditions applying to certain Mortgage Loans including Interest-Only Mortgage Loans state that such Interest-Only Mortgage Loan is entered into for an unlimited period of time and that, unless agreed otherwise at any time, the Borrower is not obliged to repay the principal sum borrowed (the "**Principal Sum**"). However, the terms and conditions provide that an Originator may demand repayment of the Principal Sum and pursuant to which the Principal Sum is declared immediately due and payable in accordance with the terms and conditions.

In this respect, the General Mortgage Conditions, amongst other things, provide that the Principal Sum under the relevant Mortgage Loan will become immediately due and payable if a Borrower deceases or in case the Mortgage Loan has the benefit of an insurance policy, if the insurance policy relating to the relevant Mortgage Loan terminates.

Under Netherlands law, a contractual provision may not be enforceable if this would be unacceptable in the circumstances involved on the basis of applicable standards of reasonableness and fairness (*redelijkheid en billijkheid*). In respect of provisions contained in general conditions (e.g., the General Mortgage Conditions) applying to a contract, statute provides that a provision is voidable if, considering, amongst other things, the nature and further contents of the agreement between the parties, the manner in which the general conditions were agreed upon, and the mutually apparent interests of the parties involved, such provision is unreasonably onerous from the perspective of the party against whom the general conditions are applied (e.g., the customer). On this basis, Borrowers (or their successors) may argue that, depending on the circumstances, the provisions set out in the General Mortgage Conditions relating to acceleration of the Principal Sum if, amongst other things, a Borrower deceases and/or if an insurance contract terminates, are voidable or otherwise unenforceable.

15. ***Reduced value of investments***

The value of investments made under the Investment Mortgage Loans, Hybrid Mortgage Loans or by one of the Insurance Companies in connection with the OpMaat Mortgage Loans and relevant Interest-Only Mortgage Loans (including Flexible Investment Mortgage Loans and Cumulent Mortgage Loans) combined with a Life Insurance Policy may not be sufficient for the Borrower to redeem the relevant Mortgage Receivable at its maturity. The Investment Funds

and other investments may have performed or may perform under the anticipated level, as a result of which a Borrower may not be able to repay in full or in part its relevant Portfolio Mortgage Loan with the returns on such Investment Funds or investments. If the value of the investments made has reduced considerably, Borrowers may invoke set-off or defences against the relevant Originators and, following the assignment or pledge of the Mortgage Receivables, the Issuer or the Security Trustee, as the case may be, on the ground that they were not properly informed of the risks involved in the investments. The merits of any such claim will very much depend on the manner in which the relevant Mortgage Loans have been marketed and the promotional material provided to the Borrower.

With respect to OpMaat Mortgage Loans and Interest-Only Mortgage Loans (including Flexible Investment Mortgage Loans and Cumulent Mortgage Loans) combined with a Life Insurance Policy, there may in certain circumstances be a risk that a Borrower successfully claims that he was not properly informed of the cost element applied by the relevant Insurance Company to the investment premiums paid by such Borrower and/or that the Insurance Company did not properly perform the related insurance agreement in applying the cost element and in either case, for example, that therefore he may terminate the Insurance Policy (which in turn could affect the collateral granted to the relevant Originators (e.g. Beneficiary Rights and rights of pledge in respect of such Insurance Policy) and trigger early termination of the related Portfolio Mortgage Loan) and/or deduct from, or set-off against, the Mortgage Receivable he owes to the Issuer (following notification of the assignment of the Mortgage Receivable to the Issuer) an amount equal to any (additional) amount owed to him under or in respect of such Insurance Policy as a result of or in connection with such claim.

On this topic there have been, without limitation, (i) public reports from the AFM concluding, in short and among other things, that these types of insurances are relatively expensive, complex and not transparent, (ii) at the request of the Dutch Association of Insurers (*Verbond van Verzekeraars*), a Commission on Transparency of Investment Insurances (*Commissie transparantie beleggingsverzekeringen*; the “Commissie De Ruiter”), (iii) a letter from the Dutch Minister of Finance to Parliament and (iv) press articles stating that civil law suits or class actions have been started against insurers. Due to recent attention in the Dutch media regarding OpMaat Mortgage Loans originated by the Local Rabobanks, there is a chance that Rabobank will receive additional claims from Borrowers in relation to OpMaat Mortgage Loans.

The Dutch Association of Insurers has in a public communication (a) underwritten the recommendations of the Commissie De Ruiter, stating that it sees these as a logical next step in the various steps which have in previous years been made to improve transparency and (b) said that insurers will (1) verify whether in the past in individual cases mistakes have been made and if so, correct these mistakes and (2) provide customers having an investment insurance policy with all relevant information regarding their insurance policy. The latter is intended to where necessary with retrospective effect provide any missing information. The Dutch Minister of Finance has informed Parliament (i) that the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*, and the Ombudsman and Dispute Commission (*Geschillencommissie*) active therein) is with the introduction of the FMSA on 1 January 2007 the sole institute for dispute resolution in connection with financial services, (ii) that he has requested such (intended) Ombudsman and the (intended) Chairman of such Dispute Commission to suggest a balanced approach so as to hopefully prevent a multitude of individual

disputes and (iii) that such Ombudsman and Chairman have in the meantime proposed a balanced approach to deal with complaints which, if all parties co-operate, could accelerate a solution and could result in a compromise for an important number of cases. It is unclear if and when such compromise will (expected to) be reached. Furthermore, a consultation procedure has been initiated by the Dutch Minister of Finance to comment on proposed amendments to existing legislation, among other things, concerning the tightening of rules regarding information provision on investment insurances and life insurances in order to increase transparency thereof. Parties not willing to cooperate with, or disagreeing to, the solutions proposed, may commence or join court proceedings to pursue a different solution. This in turn could create uncertainty in relation to the number of claimants.

The Issuer has been advised that for Mortgage Receivables of this category, the risk that such a claim is successful cannot be excluded, and such risk largely depends on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective clients, have been complied with. It is also relevant whether the relevant Borrower will be indemnified. However, there is no assurance whether there will be any such indemnification.

#### 16. ***Interest Reset Rights***

The Issuer has been advised that it is uncertain whether any interest reset right will transfer to the Issuer with the assignment of the relevant Mortgage Receivable. If such interest reset right remains with the relevant Originator despite the assignment to the Seller and the subsequent assignment to the Issuer, this means that in case the relevant Originator has been declared bankrupt or has become subject to special measures, the co-operation of the liquidator would be required to reset the interest rates (unless such right is transferred to the Issuer prior to the bankruptcy or special measures taking effect, but this may require the co-operation of the Borrower).

#### 17. **Hybrid Mortgage Loans**

Hybrid Mortgage Loans are not yet offered as a product by (or on behalf of) an Originator. If amendments would be made to any product element of a Hybrid Mortgage Loan, Mortgage Receivables relating to such Hybrid Mortgage Loan will, subject to any other relevant condition set out in the Mortgage Receivables Purchase Agreement, continue to be eligible for sale and assignment to the Issuer under the Mortgage Receivables Purchase Agreement, provided that such amendments do not materially change the product description of Hybrid Mortgage Loans set out in the section *Description of Portfolio Mortgage Loans and Mortgage Loans* below.

### **C Insurance Policies**

#### 1. ***Security and other interests in Insurance Policies***

There is a risk that the Issuer will not benefit from any rights or income generated by the Savings Insurance Policies, the OpMaat Insurance Policies and/or the Life Insurance Policies (together the "**Insurance Policies**") for the reasons set out below. The legal issues described in this paragraph *Security and other interests in Insurance Policies* apply *mutatis mutandis* to Risk Insurance Policies.

The rights of a policyholder under an Insurance Policy have been pledged to the relevant Originators as security for the obligations of the policyholders under the Mortgage Loans (the "**Borrower Insurance Pledge**"). See further the paragraphs entitled *Bank Mortgage and Joint Security* above.

Upon the assignment of the Mortgage Receivables by the relevant Originators to the Seller in accordance with the terms of the SSA, and the subsequent assignment of such Mortgage Receivables by the Seller to the Issuer in accordance with the terms of the Mortgage Receivables Purchase Agreement, the Mortgage Receivables will be assigned to the Seller and Issuer, respectively, together with all accessory rights (*afhankelijke rechten*) and ancillary rights (*nevenrechten*) thereto. As a result, the rights under the Borrower Insurance Pledges will also follow the Mortgage Receivables. Pursuant to the Mortgage Receivables Pledge Agreement, the Issuer shall pledge the Mortgage Receivables to the Security Trustee, including all accessory rights (*afhankelijke rechten*) and ancillary rights (*nevenrechten*) thereto such as the rights under the Borrower Insurance Pledges. The Security Trustee will therefore also have the benefit of the Borrower Insurance Pledges.

However, it can be argued that the pledge of rights to receive payment pursuant to an Insurance Policy is not effective if the pledgor is declared bankrupt or is granted a suspension of payments, prior to the moment such right comes into existence because the rights under an Insurance Policy are considered to be future rights. This means that it is uncertain whether a Borrower Insurance Pledge will be effective if the pledgor is declared bankrupt or is granted a suspension of payments.

The relevant Originator(s) that is/are (co-)creditors of the relevant Mortgage Loan have jointly been appointed as beneficiaries under the Insurance Policies. However, pursuant to the terms of such appointment, any appointment of another beneficiary by the policyholder will remain in force and prevail over the appointment of the relevant Originator(s), provided that Interpolis or any other Insurance Company is authorised by such beneficiary to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable and other receivables of the relevant Originators (the "**Borrower Insurance Proceeds Instruction**").

It is unlikely that the rights of the relevant Originator as beneficiary under the Insurance Policies will follow the Mortgage Receivables upon assignment thereof to the Seller, and subsequently upon the assignment and pledge thereof to the Issuer and Security Trustee, respectively, because the appointment as beneficiary under the Insurance Policies creates an independent claim of the beneficiary (the third party) against the relevant Insurance Company when such appointment is accepted by the beneficiary (the rights of the relevant beneficiary under the Insurance Policies are herein referred to as the "**Beneficiary Rights**"). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Mortgage Receivable upon assignment and to the extent legally possible and to the extent that they can be assigned and pledged without the consent of an Insurance Company, themselves be assigned by the relevant Originator(s) to the Seller, and by the Seller to the Issuer, respectively, by way of undisclosed assignment and be pledged by the Issuer to the Security Trustee by way of undisclosed pledge. The Issuer has been advised that it is uncertain whether these rights are capable of being assigned and pledged. The nature of the appointment as beneficiary could be considered as too personal thus rendering the rights incapable of being assigned and pledged. Secondly, the rights as beneficiary under the Insurance Policies could possibly be regarded as future rights. This means that it is probable that

neither the Issuer nor the Security Trustee will as a result of the assignment and/or pledge of the Mortgage Receivables become the beneficiary under the Insurance Policies.

Under the SSA, upon the assignment by a relevant Local Rabobank to the Seller of a Mortgage Receivable (including any Beneficiary Rights relating thereto), RHB also assigns to the Seller any rights it may have in respect of such Mortgage Receivable (including any Beneficiary Rights relating thereto), and upon the assignment by RHB to the Seller of a Mortgage Receivable (including any Beneficiary Rights relating thereto), the relevant Local Rabobank(s) also assign to the Seller any rights it (or they) may have in respect of such Mortgage Receivable (including any Beneficiary Rights relating thereto). The issues described in this subparagraph relating to the assignment and pledge of the Beneficiary Rights apply *mutatis mutandis* to such assignment by RHB or the relevant Local Rabobank(s) (as the case may be). See further the paragraph entitled *RHB and Local Rabobanks* above.

Furthermore, the appointment of the relevant Originators as beneficiaries is limited to the amount which the relevant Borrower is due as borrower to the relevant Originators. If, following notification of the assignments to the Seller and Issuer, respectively, legal title has passed to the relevant assignee, neither the relevant Originator nor the Seller holds the Mortgage Receivables (and RHB or the relevant Local Rabobank(s) (as the case may be) no longer has a Payment Claim) and, unless a relevant Originator has other claims on the relevant Borrower resulting from the relevant Mortgage Loan or replacement agreements, would no longer be entitled to receive insurance proceeds as beneficiary under the Insurance Policies.

Although it is uncertain whether such an agreement if entered into will in all circumstances be enforceable, the Issuer, the Security Trustee and Rabobank on behalf of each relevant Originator will use their best efforts to enter into a beneficiary waiver agreement (the "**Beneficiary Waiver Agreement**") with the Savings Insurance Company (but not with any other relevant Insurance Company) prior to or upon the occurrence of an Assignment Notification Event. It is contemplated that under such Beneficiary Waiver Agreement, Rabobank on behalf of each of the relevant Originators, subject to the condition precedent of the occurrence of an Assignment Notification Event, will waive its rights as beneficiary under the relevant Insurance Policies, and will appoint as first beneficiary:

- (a) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event; and
- (b) the Security Trustee subject to the condition precedent of a Pledge Notification Event.

The waiver can only relate to the Insurance Policies in respect of which the relevant Originators have been appointed as beneficiaries and does therefore not apply to those Insurance Policies in respect of which a Borrower Insurance Proceeds Instruction has been issued.

With respect to Insurance Policies in respect of which a Borrower Insurance Proceeds Instruction has been given, Rabobank on behalf of each of the relevant Originators in the Beneficiary Waiver Agreement will undertake, following an Assignment Notification Event, to use its best efforts to change the payment instruction in favour of:

- (a) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event; and

- (b) the Security Trustee subject to the condition precedent of the occurrence of a Pledge Notification Event.

It is, however, uncertain whether the cooperation of the Savings Insurance Company and the other relevant parties involved that will be required to enter into the Beneficiary Waiver Agreement and/or to effect such waiver, appointment and change of payment instruction, will be forthcoming, and if so, under what conditions such cooperation will be provided.

If such Beneficiary Waiver Agreement will not be entered into, or the Issuer or the Security Trustee, as the case may be, in circumstances where such Beneficiary Waiver Agreement will have been entered into, will not have been validly appointed as beneficiary under the relevant Insurance Policies and the assignment and the pledge and the waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the relevant Originators or to another beneficiary instead of to the Issuer or the Security Trustee, as the case may be. If the proceeds are due to the relevant Originators, and such Originators do not pay the amount involved to the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivables. In these circumstances, the Borrower involved may argue that, even though payments made under the Insurance Policy to the relevant Originators are not applied to repay the Mortgage Receivables, the full amount paid out to such Originators under the Insurance Policy should result in a corresponding reduction of the Borrower's payment obligations under the Portfolio Mortgage Loan. As stated above, it is not envisaged that a Beneficiary Waiver Agreement will be entered into with any other Insurance Company.

## 2. ***Insolvency of Savings Insurance Company or Life Insurance Companies***

If the Savings Insurance Company or a Life Insurance Company would no longer be able to meet its obligations under the Insurance Policies, e.g. in case it is declared bankrupt or subject to special measures, this could result in amounts payable under the Insurance Policies not at all or only partly being available for repayment of the Mortgage Receivables. This may in turn lead to the Borrowers trying to invoke set-off rights and defences, as described below.

If amounts payable under the Insurance Policy are not applied towards redemption of the Mortgage Receivable (see further the paragraph entitled *Security and other interests in Insurance Policies* above), the Borrower may try to invoke a right of set-off of the amount due under the relevant Portfolio Mortgage Loan against the amounts payable under or in connection with the Insurance Policy.

As set out above, all rights under the Insurance Policies have been pledged to the relevant Originator(s) pursuant to the Borrower Insurance Pledge. This pledge, however, may not prevent the Borrowers from invoking rights of set-off in connection with amounts due under the Insurance Policies (see further the paragraph entitled *Set-off* above). The Borrowers will in that case need to comply with the applicable set-off requirements under Netherlands law in order to invoke their right of set-off (see further the section entitled *Set-off* above). One of these requirements is that the Borrowers should have a counterclaim that results from the same legal relationship as the Portfolio Mortgage Loan.

Upon a Life Insurance Company being declared bankrupt or being subject to special measures, a Borrower will have the right to unilaterally terminate the relevant Insurance Policy and to

receive a commutation payment (*afkoopsom*). However, this claim of the Borrower arises out of an Insurance Policy entered into between such Borrower and a Life Insurance Company, whereas the claim of the relevant Originator(s) against the Borrower arises out of the Portfolio Mortgage Loan. Therefore, in order to invoke a right of set-off such Borrower would have to establish that the Seller (to the extent that the Borrowers would be notified of the assignment of the Mortgage Receivables by the relevant Originator(s) to the Seller and until notification of the assignment of the Mortgage Receivables to the Issuer) or the relevant Originator(s) and a Life Insurance Company, as the case may be, are to be regarded as one legal entity or that, based upon interpretation of case law, set-off is allowed, even if the Seller or the relevant Originator(s) and a Life Insurance Company are not considered as one legal entity, since the relevant Portfolio Mortgage Loan and the relevant Insurance Policy are to be regarded as one interrelated relationship.

In addition to any rights of set-off set out above, a Borrower could also argue, based on the General Mortgage Conditions, Borrower Insurance Pledges and Mortgage Deeds and other documents relating to the marketing and origination of the Mortgage Receivables (and including any oral statements made in connection therewith) as well as the intention of the parties involved, that the Portfolio Mortgage Loan and the relevant Insurance Policy are to be regarded as one interrelated legal relationship or at least that such Borrower could interpret the mortgage documentation and the promotional materials in such manner, based upon which such Borrower could claim a right of annulment or rescission of the Portfolio Mortgage Loan or that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that such Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable if the proceeds of the relevant Insurance Policy are insufficient. For similar reasons a Borrower could also argue that the Portfolio Mortgage Loan and the Insurance Policy were entered into in "error" (*dwaling*) or that it would be contrary to principles of reasonableness and fairness (*redelijkheid en billijkheid*) for the Borrower to be obliged to repay the Portfolio Mortgage Loan to the extent that he has failed to receive the proceeds of the relevant Insurance Policy. The Borrowers are in these circumstances also likely to have the right to rescind the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages against the Seller or the Issuer (as the case may be).

The Issuer has been advised that in relation to Savings Mortgage Loans, OpMaat Mortgage Loans and Interest-Only Mortgage Loans (including Flexible Investment Mortgage Loans and Cumulent Mortgage Loans) having the benefit of Life Insurance Policies taken out by the Borrower with Interpolis, the risk that a Borrower could successfully invoke set-off rights or defences is considerable (*aanmerkelijk*) given the close connection between (i) the Savings Mortgage Loans and the Savings Insurance Policies, (ii) the OpMaat Mortgage Loans and the OpMaat Insurance Policies, and (iii) the Interest-Only Mortgage Loans and the Life Insurance Policies to the extent that such Life Insurance Policies are taken out by the Borrower with Interpolis (which is in any event the case in respect of all Flexible Investment Insurance Policies and Cumulent Insurance Policies), respectively, and the fact that (i) the Savings Mortgage Loans and the Savings Insurance Policies, (ii) the OpMaat Mortgage Loans and the OpMaat Insurance Policies, and (iii) the Interest-Only Mortgage Loan and the Life Insurance Policies respectively, are sold as one single package. Similar risks will exist in circumstances where any such Savings Mortgage Loans, OpMaat Mortgage Loans and Interest-Only Mortgage Loans would have the benefit of Insurance Policies taken out by the Borrower with any other



Insurance Company and such Mortgage Loans would be similarly closely connected to such Insurance Policies and/or sold as one single package.

In order to mitigate the abovementioned risk in relation to Saving Mortgage Receivables and the OpMaat Mortgage Receivables if and to the extent the relevant Savings Account shows a positive balance, the Seller (as Savings Mortgage Participant) and the Issuer will enter into the Sub-Participation Agreement (see further the section entitled *Sub-Participation Agreement*).

The Sub-Participation Agreement will provide that if the Issuer does not receive any amount due and outstanding under the relevant Savings Mortgage Receivable or the relevant OpMaat Mortgage Receivable in case of set-off or defences invoked by Borrowers (including but not limited to a right of set-off or defence resulting from a default in the performance by the Savings Insurance Company of its obligations under the relevant Savings Insurance Policy or OpMaat Insurance Policy (as the case may be) relating to the relevant Savings Mortgage Receivable or OpMaat Mortgage Receivable (as the case may be)), the relevant Sub-Participation of the Savings Mortgage Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Sub-Participation is equal to the amount of Savings Premiums and OpMaat Premiums received by the Issuer plus the accrued interest on such amount, provided that the Savings Mortgage Participant will have paid amounts equal to all Savings Premiums and OpMaat Premiums received by the Savings Insurance Company from the relevant Borrowers, to the Issuer. Therefore, under normal circumstances, the Issuer should not suffer any damages if the Borrower would invoke a right of set-off or a defence, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the Sub-Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Sub-Participation.

The Sub-Participation Agreement will contain a similar arrangement in respect of the Hybrid Mortgage Receivables to the extent relating to Hybrid Savings. See further the section entitled *Sub-Participation Agreement*, and for a summarised product description of a Hybrid Mortgage Loan, the section entitled *Description of Portfolio Mortgage Loans and Mortgage Loans*.

No sub-participation like the one described above or other structural arrangements will be in place that mitigate the consequences of a Borrower invoking set-off rights or defences with respect to (i) the premiums paid by the Borrower under an OpMaat Insurance Policy which are invested in one or more Investment Funds or (ii) Interest-Only Mortgage Loans (including the Flexible Investment Mortgage Loans and the Cumulent Mortgage Loans).

As at the Portfolio Cut-Off Date, 3 per cent. of the balance of the aggregate Interest-Only Mortgage Loans comprising Portfolio Mortgage Loans have the benefit of a Life Insurance Policy and out of these 54 per cent. have the benefit of a Life Insurance Policy which is taken out by the Borrowers with Interpolis. Until November 2005 Interpolis was part of the same group of companies to which the Seller and the Originators belong.

### **3. *Switch under OpMaat Insurance Policies and Hybrid Mortgage Loans***

In respect of OpMaat Mortgage Loans and Hybrid Mortgage Loans, if a Borrower under (i) an OpMaat Insurance Policy switches its investments from the relevant Savings Account into one or more Investment Funds, or (ii) a Hybrid Mortgage Loan switches its investments from the

relevant Hybrid Savings Account into the relevant Hybrid Securities Account, the Seller, pursuant to the Mortgage Receivables Purchase Agreement, shall be obliged to repurchase and accept the re-assignment of the relevant OpMaat Mortgage Receivable to which that OpMaat Insurance Policy relates or, as the case may be, the relevant Hybrid Mortgage Receivable to which that Hybrid Mortgage Loan relates, if and to the extent that at the time that such relevant Savings Switch became effective, the Substitution Criteria were not met in respect of such OpMaat Mortgage Receivable and OpMaat Mortgage Loan, or, as the case may be, such Hybrid Mortgage Receivable and Hybrid Mortgage Loan to which such Savings Switch relates (as if such OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable to which such Savings Switch relates would have been purchased by the Issuer on the date on which such Savings Switch became effective), or (ii) there are no or insufficient Savings Switch Available Amounts that would otherwise be applied by the Issuer to pay to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement an amount equal to the Switch Amounts in respect of such OpMaat Mortgage Receivable or Hybrid Mortgage Receivable (as the case may be). This obligation of the Seller may, however, not be enforceable if the Seller has been declared bankrupt or become subject to special measures. However, in such circumstances, the amounts payable by the Issuer to the Savings Mortgage Participant shall be reduced by the amount which the Seller was obliged to pay to the Issuer in connection with the repurchase of the OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, as the case may be.

## TRANSACTION PARTIES AND TRANSACTION DESCRIPTION

The following is a description of the principal features of the issue of the Notes. This description should be read in conjunction with, and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus. This description is not a summary as referred to in Article 5:14 of the FMSA.

### THE PARTIES

<b>Issuer:</b>	BEST 2007 B.V., incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) whose registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the " <b>Issuer</b> ").
<b>Seller:</b>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated under the laws of The Netherlands as a cooperative with limited liability ( <i>coöperatie met beperkte aansprakelijkheid</i> ) whose registered office is at Croeselaan 18, 3521 CB Utrecht, The Netherlands (" <b>Rabobank</b> " and the " <b>Seller</b> ").
<b>Originators:</b>	<p>(a) Each local cooperative credit institution which is a member of the Rabobank Group and which is identified in the SSA as an originator from time to time (a "<b>Local Rabobank</b>"); and</p> <p>(b) Rabohypotheekbank N.V., incorporated under the laws of The Netherlands as a public company with limited liability (<i>naamloze vennootschap met beperkte aansprakelijkheid</i>) whose registered office is at Croeselaan 18, 3521 CB Utrecht, The Netherlands ("<b>Rabohypotheekbank</b>" or "<b>RHB</b>", and together with the Local Rabobanks, the "<b>Originators</b>" and each an "<b>Originator</b>").</p>
<b>Security Trustee:</b>	Stichting Security Trustee BEST 2007, established under the laws of The Netherlands as a foundation ( <i>stichting</i> ) whose registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the " <b>Security Trustee</b> ").
<b>Servicer:</b>	Rabobank (the " <b>Servicer</b> ").
<b>Issuer Administrator:</b>	Rabobank (the " <b>Issuer Administrator</b> ").
<b>Savings Mortgage Participant:</b>	Rabobank (the " <b>Savings Mortgage Participant</b> ").
<b>Shareholder:</b>	Stichting BEST 2007 Holding, established under the laws of The Netherlands as a foundation ( <i>stichting</i> ) whose registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam,

	The Netherlands (the " <b>Shareholder</b> ").
<b>Issuer Director:</b>	ATC Management B.V., incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) whose registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (" <b>ATC Management</b> " and the " <b>Issuer Director</b> ").
<b>Shareholder Director:</b>	ATC Management (the " <b>Shareholder Director</b> ").
<b>Security Trustee Director:</b>	Amsterdamsch Trustee's Kantoor B.V., incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) whose registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the " <b>Security Trustee Director</b> " and together with the Issuer Director and the Shareholder Director, the " <b>Directors</b> " and each an " <b>ATC Entity</b> ").
<b>Swap Counterparty:</b>	Rabobank (the " <b>Swap Counterparty</b> ").
<b>Account Bank:</b>	Rabobank (the " <b>Account Bank</b> ").
<b>Floating Rate GIC Provider:</b>	Rabobank (the " <b>Floating Rate GIC Provider</b> ").
<b>Liquidity Facility Provider:</b>	Rabobank (the " <b>Liquidity Facility Provider</b> ").
<b>CD Principal Paying Agent:</b>	Deutsche Bank AG, acting out of its office at 1 Great Winchester Street, London EC2N 2DB, United Kingdom (" <b>Deutsche Bank AG, London Branch</b> ") (" <b>CD Principal Paying Agent</b> ").
<b>CD Paying Agent:</b>	Deutsche Bank AG, Amsterdam Branch, acting out of its office at Herengracht 450-454, 1017 CA Amsterdam, The Netherlands (" <b>Deutsche Bank AG, Amsterdam Branch</b> ") (the " <b>CD Paying Agent</b> ") and together with the CD Principal Paying Agent, the " <b>CD Paying Agents</b> ").
<b>EN Principal Paying Agent:</b>	Rabobank, trading as Rabo Securities (the " <b>EN Principal Paying Agent</b> " and together with the CD Principal Paying Agent, the " <b>Principal Paying Agents</b> ").
<b>EN Paying Agent:</b>	Rabobank, trading as Rabo Securities (the " <b>EN Paying Agent</b> " and together with the CD Paying Agents, the " <b>Paying Agents</b> ").
<b>CD Common Depositary:</b>	Deutsche Bank AG, London Branch (the " <b>CD Common Depositary</b> ").

<b>Reference Agent:</b>	Deutsche Bank AG, London Branch (the " <b>Reference Agent</b> " and together with the Paying Agents, the " <b>Agents</b> ").
<b>Listing Agent:</b>	Rabobank, trading as Rabobank International (" <b>Rabobank International</b> " and the " <b>Listing Agent</b> ").
<b>Moody's:</b>	Moody's Investors Service Limited (" <b>Moody's</b> ").
<b>Manager:</b>	Rabobank, trading as Rabobank International (the " <b>Manager</b> ").
<b>THE NOTES</b>	
<b>Notes:</b>	<p>On or about the Closing Date (or such later date as may be agreed between the Issuer and the Manager), the Issuer shall issue:</p> <ul style="list-style-type: none"> <li>(a) the Senior Class A Notes;</li> <li>(b) the Mezzanine Class B Notes;</li> <li>(c) the Junior Class C Notes; and</li> <li>(d) the Subordinated Class D Notes.</li> </ul> <p>The Notes will be subject to the Conditions.</p>
<b>Issue Price:</b>	<p>The issue price shall be for:</p> <ul style="list-style-type: none"> <li>(a) the Senior Class A Notes, 100 per cent.;</li> <li>(b) the Mezzanine Class B Notes, 100 per cent.;</li> <li>(c) the Junior Class C Notes, 100 per cent.; and</li> <li>(d) the Subordinated Class D Notes, 100 per cent.</li> </ul>
<b>Denomination:</b>	The Notes will be issued in denominations of €50,000.
<b>Status and Ranking:</b>	<p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among the Notes of the same Class. Subject to and in accordance with the Conditions and the Trust Deed:</p> <ul style="list-style-type: none"> <li>(a) the Senior Class A Notes rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes;</li> <li>(b) the Mezzanine Class B Notes rank in priority to the Junior Class C Notes and the Subordinated Class D Notes; and</li> <li>(c) the Junior Class C Notes rank in priority to the</li> </ul>

	Subordinated Class D Notes, all in point of payment and security. See further the section entitled <i>Terms and Conditions of the Notes</i> .
<b>Interest:</b>	<p>Each of the Notes shall bear interest on its Principal Amount Outstanding.</p> <p>Interest on the Notes is payable in arrears and by reference to a Quarterly Interest Period, and shall be payable on a Quarterly Payment Date.</p>
	Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date, except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in March 2008.
	Interest on the Notes will be calculated on the basis of the actual days elapsed in a Quarterly Interest Period and a year of 360 days.
	<p>A "<b>Business Day</b>" means a day, other than a Saturday or Sunday, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("<b>TARGET System</b>") or any successor to the TARGET System is operating credit or transfer instructions in respect of payments in euro and on which banking institutions in Amsterdam are generally open for commercial business.</p> <p>Subject to Condition 5 (<i>Interest</i>) and the paragraph <i>Margin Reset for Notes</i> below, interest on the Notes from (and including) the Closing Date up to (but excluding) the First Optional Redemption Date, will accrue at an annual rate equal to the sum of:</p> <p>(a) the Euro Reference Rate; <i>plus</i></p> <p>(b)</p> <ul style="list-style-type: none"> <li>(i) for the Senior Class A Notes, a margin equal to 0.15 per cent. per annum;</li> <li>(ii) for the Mezzanine Class B Notes, a margin equal to 0.40 per cent. per annum;</li> <li>(iii) for the Junior Class C Notes, a margin equal to 0.70 per cent. per annum; and</li> <li>(iv) for the Subordinated Class D Notes, a margin</li> </ul>

	equal to 1.30 per cent. per annum.
<b>Interest Rate Step-Up:</b>	Subject to Condition 5 ( <i>Interest</i> ), if on the First Optional Redemption Date, the Notes of any Class have not been redeemed in full, the margin on the Notes except for the Subordinated Class D Notes, will change. In such circumstances, interest on the Notes will accrue at an annual rate equal to the sum of:
	(a) the Euro Reference Rate; <i>plus</i>
	(b) <ul style="list-style-type: none"> <li>(i) for the Senior Class A Notes, a margin equal to 0.80 per cent. per annum;</li> <li>(ii) for the Mezzanine Class B Notes, a margin equal to 1.15 per cent. per annum; and</li> <li>(iii) for the Junior Class C Notes, a margin equal to 1.40 per cent. per annum.</li> </ul> <p>In the circumstances described in the paragraph above, for the Subordinated Class D Notes, a margin equal to 1.30 per cent. per annum will continue to apply.</p>
<b>Margin Reset for Notes:</b>	<p>If all Notes are at any time held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear) prior to the First Optional Redemption Date, such holder of all Notes can request the Issuer and the Security Trustee to reset the then current margin for each Class of Notes. Any such Margin Reset Request shall be made to the Issuer and the Security Trustee in writing by no later than the Quarterly Payment Date immediately preceding the Quarterly Payment Date on which the Margin Reset is to become effective, and shall set out the requested margin for such Class of Notes. Any such Margin Reset Request can only relate to a Quarterly Interest Period falling prior to the First Optional Redemption Date. Subject to Condition 5.5 (<i>Interest on the Notes following the First Optional Redemption Date</i>), each of the Issuer and the Security Trustee shall agree to any such Margin Reset Request made in accordance with Condition 5.6(a) (<i>Margin reset right for single Noteholder</i>) provided that:</p> <ul style="list-style-type: none"> <li>(a) any such Margin Reset is not materially prejudicial to the Noteholders of any Class; and</li> <li>(b) the Swap Counterparty has approved to such Margin Reset in accordance with the Swap Agreement.</li> </ul>

	<p>If, for the purpose of Condition 5.6(a)(i) (<i>Margin reset right for single Noteholder</i>), the Security Trustee has determined that the then current ratings of the Notes will not be adversely affected by any such Margin Reset becoming effective, such Margin Reset is not considered to be materially prejudicial to the Noteholders of any such Class of Notes.</p>
<p><b>Final Maturity Date:</b></p>	<p>Unless previously redeemed, the Issuer will redeem the Notes in full (but not in part only) on the Quarterly Payment Date falling in March 2079 (the "<b>Final Maturity Date</b>").</p>
<p><b>Mandatory Redemption of the Notes:</b></p>	<p>Subject to:</p> <ul style="list-style-type: none"> <li>(a) the application of Principal Available Funds by the Issuer in or towards satisfaction of the following: <ul style="list-style-type: none"> <li>(i) <i>first</i>, all Switch Amounts due and payable to the Savings Mortgage Participant pursuant to a Savings Switch (if any) up to the Savings Switch Available Amount;</li> <li>(ii) <i>second</i>, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Further Advance Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Further Advance Receivable Available Amount;</li> <li>(iii) <i>third</i>, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Replacement Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Replacement Receivable Available Amount; and</li> <li>(iv) <i>fourth</i>, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the First Optional Redemption Date (a) the purchase price of Substitute Receivables if any, and to the extent offered to the Issuer by the Seller, up to the Substitute Receivable Available Amount, or (b) to the extent that the Seller has not offered Substitute Receivables, or</li> </ul> </li> </ul>



	<p>only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer, subject to the Restriction, retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger;</p> <p>in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full;</p> <p>(b) the Issuer having sufficient Principal Available Funds on a Quarterly Payment Date; and</p> <p>(c) the Security Trustee not having delivered an Enforcement Notice in accordance with Condition 12 (<i>Events of Default</i>),</p> <p>the Issuer will apply Principal Available Funds to redeem (in whole or in part) the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, at their Principal Amount Outstanding, subject to and in accordance with the Conditions and the applicable Priority of Payments.</p> <p>The Subordinated Class D Notes will be redeemed (in whole or in part) from the application of Interest Available Funds only, and subject to and in accordance with the Conditions and the applicable Priority of Payments.</p> <p>See further the section entitled <i>Credit Structure</i>.</p>
<p><b>Mandatory redemption of Notes following exercise of Seller Clean-Up Option or Regulatory Call Option:</b></p>	<p>On the relevant Quarterly Payment Date following the exercise by the Seller of the Seller Clean-Up Option or the Regulatory Call Option, the Issuer shall subject to Condition 7.6 (<i>Redemption of the Notes following the exercise of the Seller Clean-Up Option by the Seller</i>) or Condition 7.7 (<i>Redemption of the Notes following the exercise of the Regulatory Call Option by the Seller</i>), respectively, redeem all (but not some only) the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding plus accrued but unpaid interest, after payment of amounts to be paid in priority to the Notes.</p>
<p><b>Optional Redemption of Notes:</b></p>	<p>Subject to Condition 7.8 (<i>Optional redemption by the Issuer</i>), the Issuer will have the right (but not the obligation) to redeem all (but not some only) of the Notes (except for the Subordinated Class D Notes), on an Optional Redemption Date. In such circumstances the redemption of the Notes</p>

	except for the Subordinated Class D Notes, will be for an amount equal to the Principal Amount Outstanding of such Notes plus accrued but unpaid interest thereon, subject to the payment of all amounts that are due and payable in priority to such Notes.
<b>Optional Redemption of Notes with prior written consent of single Noteholder:</b>	The Issuer has the right (but not the obligation) to redeem all (but not only part of) the Notes except for the Subordinated Class D Notes, on any Quarterly Payment Date if and to the extent that (i) all of the Notes (including the Subordinated Class D Notes) are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), and (ii) such person has granted its prior written consent to such redemption in full of such Notes.
<b>Optional Redemption for Tax Reasons:</b>	If (a) the Issuer is or will become 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, or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest in respect of any Class of Notes, as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any other jurisdiction or any political 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 ruling by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation or limitation (as applicable) cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option (but not the obligation) to redeem all (but not some only) of the Notes together with interest accrued up to and including the date of redemption, subject to Condition 7.9 ( <i>Optional redemption for tax reasons</i> ).
<b>Seller Clean-Up Option:</b>	The Seller has the option (but not the obligation) to purchase all Mortgage Receivables on any Quarterly Payment Date (the " <b>Seller Clean-Up Option</b> ") if:
	(a) on such date the aggregate principal amount outstanding of all Portfolio Mortgage Loans does not exceed 10 per cent. of the aggregate principal amount outstanding of all Portfolio Mortgage Loans on the Closing Date; and  (b) it has notified the Issuer on a date that is at least (1) calendar month before the Quarterly Payment Date

	that it intends to exercise the Seller Clean-Up Option.
	Following the exercise by the Seller of the Seller Clean-Up Option, the Issuer shall redeem all (but not in part only) the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding plus accrued but unpaid interest, after payment of amounts to be paid in priority to the Notes. See further <i>Mandatory redemption of Notes following exercise of Seller Clean-Up Option or Regulatory Call Option</i> above.
<b>Regulatory Call Option:</b>	On each Quarterly Payment Date, the Seller has the option (the " <b>Regulatory Call Option</b> ") to repurchase the Mortgage Receivables if there is a change in:
	(a) the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the " <b>Basle Accord</b> ");
	(b) the international, European or Netherlands law, regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank ( <i>De Nederlandsche Bank N.V.</i> , the " <b>DCB</b> ");
	(c) the regulations, rules and instructions on eligible collateral of the European Central Bank and/or the DCB (together, the " <b>Bank Regulations</b> ") applicable to Rabobank and/or its members, subsidiaries and affiliates (Rabobank together with such members, subsidiaries and affiliates, the " <b>Rabobank Group</b> ") (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord); or
	(d) in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international or European central bank, the DCB or other competent regulatory or supervisory authority),
	which change the Seller could reasonably not have foreseen on the date of execution of the Mortgage Receivable Purchase Agreement and which change, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of Rabobank Group or increasing the cost or reducing the benefit to Rabobank Group or has a result that

	the Notes no longer qualify as eligible collateral under the regulations concerning eligible collateral of the European Central Bank and/or the DCB (each such change, a " <b>Regulatory Change</b> ").
	Following the exercise by the Seller of the Regulatory Call Option, the Issuer shall redeem all (but not in part only) the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding plus accrued but unpaid interest, after payment of amounts to be paid in priority to the Notes. See further <i>Mandatory redemption of Notes following exercise of Seller Clean-Up Option or Regulatory Call Option</i> above.
<b>Withholding Tax:</b>	All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Paying Agents (as applicable) is/are required by applicable law to make any payment in respect of the Notes subject to any withholding of, or deduction for, or on account of such taxes, duties or charges of whatsoever nature. In that event, the Issuer or the Paying Agents (as applicable) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Paying Agents nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.
<b>Method of Payment:</b>	For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro for the credit of the respective accounts of the Noteholders through Euroclear Netherlands, Clearstream Luxembourg and/or Euroclear (as the case may be). See further the section entitled <i>The Global Notes</i> .
<b>Use of Note Proceeds:</b>	The Issuer will apply the net proceeds of the issue of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes to pay the Initial Purchase Price for the Mortgage Receivables in accordance with the Mortgage Receivables Purchase Agreement. The Issuer will apply the net proceeds of the issue of the Subordinated Class D Notes to fund the Initial Reserve Required Amount in accordance with the Trust Deed and credit such amount to the Reserve Account.

<b>THE MORTGAGE RECEIVABLES</b>	
<b>Mortgage Receivables:</b>	The Issuer will purchase and accept, from time to time, the assignment of certain Mortgage Receivables (which shall include, Further Advance Receivables, Replacement Receivables and Substitute Receivables) of the Seller (which it acquired from the relevant Originator(s) pursuant to the SSA) against certain Borrowers in connection with mortgage loans which shall consist of:
	(a) Sole Creditor LB Loans or Joint Creditor Loans that may consist of one or more loan parts ( <i>leningdelen</i> ) which were prior to the assignment to the Seller, fully funded by a Local Rabobank (such mortgage loans, the " <b>Local Rabobank Mortgage Loans</b> "); or
	(b) Sole Creditor RHB Loans or Joint Creditor Loans that may consist of one or more loan parts which were prior to the assignment to the Seller, fully funded by RHB (such mortgage loans, the " <b>RHB Mortgage Loans</b> "); or
	(c) in respect of Joint Creditor Loans (consisting of more than one loan part) that were prior to the assignment to the Seller, partially funded by both one or more Local Rabobanks and RHB (a " <b>Partially Funded Mortgage Loan</b> ", and all such mortgage loans, the " <b>Partially Funded Mortgage Loans</b> ") (i) that part of the Partially Funded Mortgage Loan which a Local Rabobank has funded (the " <b>Local Rabobank Mortgage Loan Part</b> ") or (ii) that part of the Partially Funded Mortgage Loan which RHB has funded (the " <b>RHB Mortgage Loan Part</b> "),
	pursuant to a mortgage receivables purchase agreement (the " <b>Mortgage Receivables Purchase Agreement</b> ") entered into between the Issuer, the Seller (on behalf of itself and each Originator) and the Security Trustee on or before the Closing Date.  Any Local Rabobank Mortgage Loan Part and any RHB Mortgage Loan Part relating to a Mortgage Receivable which is assigned to the Seller by the relevant Originator pursuant to the SSA and which is contemplated to be sold and assigned to the Issuer pursuant to and in accordance with the Mortgage Receivables Purchase Agreement on the Closing Date or any relevant Quarterly Payment Date, shall be referred to as a " <b>Selected Local Rabobank Mortgage Loan Part</b> " and a

**"Selected RHB Mortgage Loan Part"**, respectively, and each such Selected Local Rabobank Mortgage Loan Part and Selected RHB Mortgage Loan Part shall be referred to as the **"Selected Mortgage Loan Parts"**. Any Local Rabobank Mortgage Loan Part and any RHB Mortgage Loan Part which is not a Selected Local Rabobank Mortgage Loan Part or Selected RHB Mortgage Loan Part, respectively, shall be referred to as an **"Unselected Local Rabobank Mortgage Loan Part"** and **"Unselected RHB Mortgage Loan Part"**, respectively, and each such Unselected Local Rabobank Mortgage Loan Part and Unselected RHB Mortgage Loan Part shall be referred to as the **"Unselected Mortgage Loan Parts"**.

The Local Rabobank Mortgage Loans and the RHB Mortgage Loans relating to Mortgage Receivables which are contemplated to be sold and assigned to the Issuer pursuant to and in accordance with the Mortgage Receivables Purchase Agreement and the Selected Mortgage Loan Parts shall together be referred to as the **"Portfolio Mortgage Loans"**. The Unselected Mortgage Loan Parts and the Portfolio Mortgage Loans shall together be referred to as the **"Mortgage Loans"**.

Pursuant to the terms of the SSA and the Mortgage Receivables Purchase Agreement, Mortgage Receivables relating to a Local Rabobank Mortgage Loan Part may only be sold and assigned to the Issuer if at the same time also all Mortgage Receivables relating to any RHB Mortgage Loan Part that are secured by the same Relevant Security as such Local Rabobank Mortgage Loan Part and in respect of which a Subordination Agreement applies, are sold and assigned to the Issuer.

Pursuant to the SSA, the Seller will acquire the Mortgage Receivables from the relevant Originator(s) in order to be able to offer the Mortgage Receivables (including any Further Advance Receivables, Replacement Receivables and Substitute Receivables) (including, to the extent legally possible, any Beneficiary Rights relating thereto) for sale to the Issuer under the Mortgage Receivables Purchase Agreement. See further the paragraph entitled *Mortgage Receivables* in the section entitled *Risk Factors* and the section entitled *Mortgage Receivables Purchase Agreement* and *Security and other interests in Insurance Policies*.

Under the terms of the relevant Mortgage Deed relating to a Joint Creditor Loan one or more Local Rabobanks

	<p>(mentioned in such Mortgage Deed) and RHB are stated to be the beneficiaries of the mortgage right and other security provided in connection with such Mortgage Loan and, if more than one Local Rabobank is mentioned in such Mortgage Deed, are deemed to be the joint creditors of such Mortgage Loan. See further the paragraphs entitled <i>RHB and Local Rabobanks, Impact of Reorganisations on Security Structure, Bank Mortgages</i> and <i>Joint Security</i> under the section entitled <i>Risk Factors</i>.</p> <p>As a result of the purchase and assignment of the Mortgage Receivables from the Seller, the Issuer will be entitled to all principal amounts due and payable under the Portfolio Mortgage Loans from (and including) 1 December 2007 (the "<b>Portfolio Cut-Off Date</b>").</p> <p>For this purpose "<b>Borrowers</b>" means the debtors, including any jointly and severally liable co-debtors of mortgage loans.</p> <p>For this purpose "<b>Mortgage Receivables</b>" means any and all rights of any Originator, and after the assignment of such rights to the Seller, the Seller, against any Borrower under or in connection with any Mortgage Loan, and which shall include, for the avoidance of doubt, any Further Advance Receivables, Replacement Receivables and Substitute Receivables.</p> <p>See further the sections entitled <i>Mortgage Receivables Purchase Agreement</i> and the paragraphs entitled <i>Bank Mortgages</i> and <i>Joint Security</i> under the section entitled <i>Risk Factors</i>.</p>
<p><b>Repurchase of Mortgage Receivables:</b></p>	<p>The Seller will repurchase and accept the re-assignment to it of all (but not in part only) of a relevant Mortgage Receivable:</p>
	<p>(a) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which the relevant remedy period (if any) expired, if any of the representations and warranties given by the Seller in respect of a Mortgage Loan and/or a Mortgage Receivable, including the representation and warranty that the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the relevant Mortgage Loan Criteria, are untrue or incorrect;</p> <p>(b) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which an Originator agreed with a Borrower (i) to</p>

	<p>grant, and granted, a Further Advance under the relevant Mortgage Loan and/or (ii) to (otherwise) amend the terms of the Mortgage Loan, including any applicable General Mortgage Conditions, and, <i>inter alia</i>, as a result thereof such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, unless in the case of (ii) only, such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan (whereby it is agreed that if such Mortgage Loan is in arrears for at least ninety (90) days, the credit quality of the Borrower shall, in any event, be deemed to be deteriorated);</p> <p>(c) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which RHB agreed with a Borrower to grant any loan, advance or other form of credit (other than a Further Advance) secured by the same Relevant Security as the Portfolio Mortgage Loan to which such Mortgage Receivable relates, if and to the extent that such Portfolio Mortgage Loan and/or such Relevant Security is subject to a Subordination Agreement;</p> <p>(d) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which an Originator agreed with a Borrower to grant, and granted, a Further Advance under the relevant Mortgage Loan to which such Mortgage Receivable relates, if and to the extent that (i) the Further Advance Receivables and related Further Advance Mortgage Loan do not meet the applicable Substitution Criteria, (ii) the Seller has not acquired the Further Advance Receivables from the relevant Originator prior to or on such Portfolio Payment Date, or (iii) the Issuer does not have sufficient funds available for payment of the purchase price for such Further Advance Receivables;</p> <p>(e) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which, subject to the terms of a relevant OpMaat</p>
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	<p>Mortgage Loan, a switch (an "<b>OpMaat Switch</b>") by the Borrower of whole or part of the premiums deposited into the relevant Savings Account into an investment in one or more Investment Funds became effective (the amount withdrawn from the relevant Savings Account and switched into an investment in one or more Investment Funds, the "<b>OpMaat Switch Amount</b>"), if and to the extent that (i) at the time that such OpMaat Switch became effective the Substitution Criteria were not met in respect of the OpMaat Mortgage Receivable and OpMaat Mortgage Loan to which such OpMaat Switch relates (as if such OpMaat Mortgage Receivable to which such OpMaat Switch relates would have been purchased by the Issuer on the date on which such OpMaat Switch became effective), or (ii) the Issuer does not have sufficient funds available to pay an amount equal to the OpMaat Switch Amount to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement in respect of the relevant OpMaat Mortgage Receivable to which such OpMaat Switch relates;</p> <p>(f) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which, subject to the terms of a relevant Hybrid Mortgage Loan, a switch (a "<b>Hybrid Switch</b>", and together with an OpMaat Switch, each a "<b>Savings Switch</b>") by the Borrower of whole or part of the Hybrid Savings from the relevant Hybrid Savings Account to the relevant Hybrid Securities Account for investment in one or more investment funds, became effective (the amount of Hybrid Savings withdrawn from the relevant Hybrid Savings Account and credited to the relevant Hybrid Securities Account, a "<b>Hybrid Switch Amount</b>", and together with an OpMaat Switch Amount, each a "<b>Switch Amount</b>") if and to the extent that (i) at the time that such Hybrid Switch became effective the Substitution Criteria were not met in respect of the Hybrid Mortgage Receivable and Hybrid Mortgage Loan to which such Hybrid Switch relates (as if such Hybrid Mortgage Receivable to which such Hybrid Switch relates would have been purchased by the Issuer on the date on which such Hybrid Switch became effective), or (ii) the Issuer does not have sufficient funds available to pay an amount equal to the Hybrid Switch Amount to the</p>
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	<p>Savings Mortgage Participant pursuant to the Sub-Participation Agreement in respect of the relevant Hybrid Mortgage Receivable to which such Hybrid Switch relates;</p> <p>(g) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which it appeared that a NHG Portfolio Mortgage Loan no longer has the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, as the case may be, for the full amount of the NHG Portfolio Mortgage Loan as adjusted in accordance with the terms and conditions applying to the NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, as a result of an action taken or omitted to be taken by the Seller, the Servicer or an Originator; or</p> <p>(h) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which it appeared that the Seller or an Originator, while it was entitled to make a claim under a NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, in respect of a relevant NHG Portfolio Mortgage Loan, did not make such claim</p>
	<p>An event described in paragraph (a), (b), (c), (d), (e), (f), (g) or (h) above shall be referred to as a "<b>Receivable Repurchase Event</b>".</p> <p>If (i) the Seller is required to repurchase and accept the re-assignment of any Mortgage Receivable relating to any Selected RHB Mortgage Loan Part which has the benefit of a Subordination Agreement pursuant to any Receivable Repurchase Event and (ii) at the relevant date of repurchase and re-assignment one or more Selected Local Rabobank Mortgage Loan Parts are outstanding which are secured (directly or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) by the same Relevant Security as such relevant Mortgage Receivable and are subject to such Subordination Agreement, the Seller shall in accordance with the Mortgage Receivables Purchase Agreement, on such date of repurchase and re-assignment also repurchase and accept the re-assignment from the Issuer of all Mortgage Receivables (the "<b>Related Repurchase Receivables</b>") relating to such Selected Rabobank Mortgage Loan Part(s) (unless the Seller is already obliged to repurchase such</p>

	<p>Related Repurchase Receivable on such date of repurchase and re-assignment as a result of the occurrence of any Repurchase Event). Any repurchase and re-assignment by the Seller of a Related Repurchase Receivable shall be for an amount equal to the Adjusted Repurchase Price (as defined below).</p>
	<p>Any repurchase and re-assignment by the Seller of a Mortgage Receivable following the occurrence of a Receivable Repurchase Event described above under (a), (g) or (h) shall be for an amount equal to the principal amount outstanding of that Mortgage Receivable together with interest and any reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) accrued or incurred up to (but excluding) the date of repurchase and re-assignment of such Mortgage Receivable.</p> <p>Any repurchase and re-assignment by the Seller of a Mortgage Receivable following the occurrence of a Receivable Repurchase Event described above under (b), (c), (d), (e) or (f) shall be for an amount equal to the principal amount outstanding of that Mortgage Receivable together with interest and any reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) accrued or incurred up to (but excluding) the date of repurchase and re-assignment of such Mortgage Receivable, except that if (i) the Portfolio Mortgage Loan to which such Mortgage Receivable relates is in arrears for more than ninety (90) days, or (ii) in respect of such Mortgage Receivable an instruction has been given to the civil law notary to initiate foreclosure proceedings in respect of the relevant Mortgaged Asset, the repurchase and re-assignment by the Seller for such Mortgage Receivable shall be for an amount equal to the principal amount outstanding of that Mortgage Receivable together with interest and any reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) accrued or incurred up to (but excluding) the date of repurchase and re-assignment of such Mortgage Receivable, or, if <i>less</i>, an amount equal to the foreclosure value (<i>executiewaarde</i>) of the Mortgaged Asset or, if no valuation report less than twelve months old is available, the Indexed Foreclosure Value (the "<b>Adjusted Repurchase Price</b>").</p>
	<p>For these purposes, "<b>Indexed Foreclosure Value</b>" means the</p>

	<p>foreclosure value of the relevant Mortgaged Asset as determined upon origination of the relevant Portfolio Mortgage Loan multiplied by the transaction price (<i>transactieprijs</i>) for such Mortgaged Asset as published by the land registry (<i>Kadaster</i>) as at the date on which the purchase price is determined divided by the transaction price for such Mortgaged Asset which was applicable at the date of determination of the abovementioned foreclosure value.</p> <p>Any amount received as purchase price for the relevant Mortgage Receivable repurchased by the Seller, minus any interest amount, any costs and any amount payable by the Issuer to the Savings Mortgage Participant in respect of such Mortgage Receivable shall be referred to as the "<b>Replacement Receivable Available Amount</b>").</p>
<p><b>Purchase of Further Advance Receivables:</b></p>	<p>Certain Mortgage Receivables are secured by Mortgages that will also secure any further advances to be granted by a relevant Originator to the relevant Borrowers, and which shall include:</p> <ul style="list-style-type: none"> <li>(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 (<i>verhoogde inschrijving</i>);</li> <li>(b) further advances made under a Mortgage Loan which will be secured by a second or sequentially lower ranking Mortgage as the loan previously disbursed under such Mortgage Loan (<i>verhoging</i>); and</li> <li>(c) withdrawals of monies which were previously repaid to redeem the Mortgage Loan (<i>heropname</i>) ((a), (b) and (c) each a "<b>Further Advance</b>").</li> </ul>
	<p>The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to (but excluding) the Final Maturity Date, if, subject to the terms and conditions of the relevant Mortgage Loan (the "<b>General Mortgage Conditions</b>") an Originator has agreed with a Borrower to fund a Further Advance (which includes, for the avoidance of doubt, any Further Advance constituting a Local Rabobank Mortgage Loan Part and/or a RHB Mortgage Loan Part), the Issuer will apply an amount (such amount, the "<b>Further Advance Receivable Available Amount</b>") equal to (x) the Principal Available Funds <i>less</i> (y) the amount applied towards payment to the Savings Mortgage Participant of an amount equal to the Switch Amount in relation to any</p>

Savings Switch (such amount, the "**Savings Switch Available Amount**"), to purchase and accept assignment from the Seller on the next succeeding Quarterly Payment Date any mortgage receivables resulting from such Further Advance funded by an Originator (each such mortgage receivable a "**Further Advance Receivable**" and each Mortgage Loan to which such Further Advance Receivable relates, a "**Further Advance Mortgage Loan**"), subject to the fulfilment of certain conditions which include, *inter alia*, the requirement, that such Further Advance Receivables and Further Advance Mortgage Loan meet the applicable Substitution Criteria and that such Further Advance Mortgage Loan meets the Mortgage Loan Criteria, and to the extent that (i) there are Further Advances available for such purpose and (ii) the Further Advance Receivables are acquired by the Seller from the relevant Originator. See further the section entitled *Mortgage Receivables Purchase Agreement*.

If the Issuer purchases and accepts assignment of a Further Advance Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), the Issuer will, pursuant to the Mortgage Receivables Pledge Agreement, at the same time create a first ranking right of pledge on such Further Advance Receivable in favour of the Security Trustee.

If, *inter alia*, (i) the Further Advance Receivables and Further Advance Mortgage Loans relating thereto do not meet the applicable Substitution Criteria, (ii) the Seller has not acquired the Further Advance Receivables from the relevant Originator prior to or on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which the relevant Originator agreed to grant, and granted, such Further Advance to the relevant Borrower in respect of such Mortgage Loan, or (iii) the Further Advance Available Receivable Amount is insufficient to pay the purchase price of the Further Advance Receivable, the Seller shall repurchase and accept the re-assignment of all (but not part only) Mortgage Receivables under a Mortgage Loan to which such Further Advance relates, on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which the relevant Originator agreed to grant, and granted, such Further Advance to the relevant Borrower in respect of such Mortgage Loan. See further under *Repurchase of Mortgage Receivables* above.

<p><b>Purchase of Replacement Receivables:</b></p>	<p>From the Closing Date up to (but excluding) the Final Maturity Date, the Issuer will, on the Quarterly Payment Date immediately after the date on which a Mortgage Receivable has been repurchased by the Seller pursuant to a Receivable Repurchase Event, apply the Principal Available Funds up to the Replacement Receivable Available Amount <i>less</i> (i) any Savings Switch Available Amount applied towards payment to the Savings Mortgage Participant of an amount equal to the Switch Amount in relation to any Savings Switch, and/or (ii) any Further Advance Receivable Available Amount applied towards payment of the purchase price for any Further Advance Receivables, respectively, to purchase and accept assignment from the Seller mortgage receivables (each such receivable a "<b>Replacement Receivable</b>"), to the extent that Replacement Receivables are offered by the Seller to the Issuer, and subject to satisfaction of certain conditions. Such conditions include, <i>inter alia</i>, the requirement that the mortgage loan to which such Replacement Receivables relate (each such mortgage loan a "<b>Replacement Mortgage Loan</b>") and the Replacement Receivables meet the applicable Substitution Criteria and that the Replacement Mortgage Loan meets the Mortgage Loan Criteria.</p> <p>If the Issuer purchases and accepts assignment of the relevant Replacement Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), the Issuer, pursuant to the Mortgage Receivables Pledge Agreement, will at the same time create a first ranking right of pledge on such Replacement Receivable in favour of the Security Trustee.</p>
<p><b>Purchase of Substitute Receivables:</b></p>	<p>The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on each Quarterly Payment Date apply the Principal Available Funds up to a maximum amount equal to the Principal Available Funds <i>less</i> (i) any Savings Switch Available Amount applied towards payment of an amount equal to the Switch Amount to the Savings Mortgage Participant in relation to any Savings Switch, (ii) any Further Advance Receivable Available Amount applied towards payment of the purchase price for any Further Advance Receivables, and/or (iii) any Replacement Receivable Available Amount applied towards payment of the purchase price for any Replacement Receivables, respectively, (such amount, the "<b>Substitute Receivable Available Amount</b>"), to purchase and accept assignment</p>

	<p>from the Seller any additional mortgage receivables (each such receivable a "<b>Substitute Receivable</b>" and each such mortgage loan to which such Substitute Receivable relates a "<b>Substitute Mortgage Loan</b>") to the extent that such Substitute Receivables are offered by the Seller to the Issuer and subject to the fulfilment of certain conditions which include, <i>inter alia</i>, the requirement that the Substitute Receivables and Substitute Mortgage Loans meet the applicable Substitution Criteria and the Substitute Mortgage Loan meets the Mortgage Loan Criteria. If no Substitute Receivables are offered by the Seller or only part of the Substitute Receivable Available Amount is applied to purchase such Substitute Receivables, at the option of the Issuer, subject to the Restriction, the Issuer may retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger.</p> <p>See further <i>Mandatory Redemption of the Notes</i> above and the section entitled <i>Mortgage Receivables Purchase Agreement</i>.</p> <p>If the Issuer purchases and accepts assignment of a Substitute Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), the Issuer will, pursuant to the Mortgage Receivables Pledge Agreement, at the same time create a first ranking right of pledge on such Substitute Receivable in favour of the Security Trustee.</p>
<b>Mortgage Loans:</b>	The Mortgage Loans in whole or in part ( <i>leningdelen</i> ) will consist of:
	<ul style="list-style-type: none"> <li>(a) Linear Mortgage Loans (<i>lineaire hypotheken</i>);</li> <li>(b) Annuity Mortgage Loans (<i>annuïteitenhypotheken</i>);</li> <li>(c) Interest-Only Mortgage Loans (<i>aflossingsvrije hypotheken</i>);</li> <li>(d) Savings Mortgage Loans (<i>spaarhypotheken</i>);</li> <li>(e) OpMaat Mortgage Loans (<i>OpMaat hypotheken</i>);</li> <li>(f) Investment Mortgage Loans (<i>vermogenshypotheken</i>); and/or</li> <li>(g) Hybrid Mortgage Loans (<i>bancaire spaar-/beleggingshypotheken</i>)</li> </ul>
<b>Linear Mortgage Loans:</b>	Linear Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower pays a fixed

	<p>monthly amount of principal towards the repayment of the relevant Mortgage Loan (or the relevant part of it) (the "<b>Linear Mortgage Loans</b>"). The Borrower pays monthly interest on such Mortgage Loan which is calculated on the outstanding balance of such Mortgage Loan (or the relevant part of it).</p>
<b>Annuity Mortgage Loans:</b>	<p>Annuity Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower pays a fixed monthly instalment consisting of an initially high rate of interest and a corresponding low rate of principal repayment (the "<b>Annuity Mortgage Loans</b>"). The monthly payment is adjusted over the length of the Annuity Mortgage Loan such that the interest element of the monthly instalment is reduced whilst the corresponding rate of principal repayment is increased. Monthly instalments are calculated such that Annuity Mortgage Loan will be fully repaid on its maturity.</p>
<b>Interest-Only Mortgage Loans:</b>	<p>Interest-Only Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower does not pay any principal amounts towards the repayment of the relevant Mortgage Loan (or the relevant part of it) until maturity of the relevant Mortgage Loan (the "<b>Interest-Only Mortgage Loans</b>"). Certain Interest-Only Mortgage Loans do not have a fixed maturity. The Borrower pays monthly interest on such Mortgage Loan which is calculated on the outstanding balance of such Mortgage Loan (or the relevant part of it). Certain Interest-Only Mortgage Loans (other than Investment Mortgage Loans, Savings Mortgage Loans and OpMaat Mortgage Loans) have, pursuant to the applicable General Mortgage Conditions, the benefit of a Life Insurance Policy. A Life Insurance Policy is a combined risk and capital insurance policy taken out by a Borrower with Interpolis or another Life Insurance Company in respect of such Interest-Only Mortgage Loan unless a Borrower has selected to enter into a separate Risk Insurance Policy, in which case the Life Insurance Policy consists of a capital insurance policy only. The Borrower pays a monthly premium to the Life Insurance Company, which consists of a capital insurance element and a risk insurance element, or, if permitted under the applicable conditions a Borrower has selected to enter into a separate Risk Insurance Policy, consists of a capital insurance element only. It is intended that the Interest-Only Mortgage Loan which has the benefit of such compulsory Life Insurance Policy, shall be repaid in full or in part with the proceeds of such Life Insurance</p>



	<p>Policy.</p> <p>See further the section entitled <i>Description of Portfolio Mortgage Loans and Mortgage Loans</i>.</p> <p>The Mortgage Receivables relating to Interest-Only Mortgage Loans (other than Investment Mortgage Loans, Savings Mortgage Loans, OpMaat Mortgage Loans and Hybrid Mortgage Loans) will be referred to as the "<b>Interest-Only Mortgage Receivables</b>".</p>
<p><b>Savings Mortgage Loans:</b></p>	<p>Savings Mortgage Loans are Interest-Only Mortgage Loans combined with an insurance policy (a "<b>Savings Insurance Policy</b>" and in respect of all Savings Mortgage Loans, the "<b>Savings Insurance Policies</b>") with N.V. Interpolis BTL ("<b>Interpolis</b>" and the "<b>Savings Insurance Company</b>") (the "<b>Savings Mortgage Loans</b>").</p> <p>A Savings Insurance Policy is a combined risk and capital insurance policy taken out by a Borrower with the Savings Insurance Company in respect of a Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower before the maturity of the Savings Mortgage Loan. Instead, the Borrower (being the insured party) pays a monthly premium to the Savings Insurance Company, which consists of a savings element (the "<b>Savings Premium</b>") and a risk insurance element.</p> <p>The value of a Savings Premium is calculated in such manner that (on an annuity basis) the proceeds of a Savings Insurance Policy payable by the Savings Insurance Company to the relevant Borrower is equal to the amount payable by that Borrower to the relevant Originator(s) under the Savings Mortgage Loan upon its maturity. The Mortgage Receivables relating to Savings Mortgage Loans will be referred to as the "<b>Savings Mortgage Receivables</b>".</p>
<p><b>OpMaat Mortgage Loans:</b></p>	<p>OpMaat Mortgage Loans are Interest-Only Mortgage Loans combined with an insurance policy (an "<b>OpMaat Insurance Policy</b>" and in respect of all OpMaat Mortgage Loans, the "<b>OpMaat Insurance Policies</b>") with the Savings Insurance Company (the "<b>OpMaat Mortgage Loans</b>").</p> <p>An OpMaat Insurance Policy is a combined risk and capital insurance policy taken out by a Borrower with the Savings Insurance Company in respect of an OpMaat Mortgage Loan. Under an OpMaat Mortgage Loan no principal is paid by the Borrower before the maturity of the OpMaat Mortgage Loan. Instead, the Borrower (being the insured party) pays a</p>

	<p>monthly premium, which is either invested in certain investment funds selected by the relevant Borrower (each an "<b>Investment Fund</b>"), or credited to a bank account held in the name of the Savings Insurance Company with the relevant Originator (a "<b>Savings Account</b>"). The premiums (or part thereof) paid by the Borrowers under the OpMaat Policies and deposited into the relevant Savings Account are herein referred to as the "<b>OpMaat Premiums</b>"). A Borrower may at any time switch its investments among the Investment Funds and to and from the Savings Account.</p> <p>It is intended that an OpMaat Mortgage Loan will be repaid in full or in part with the proceeds of an OpMaat Insurance Policy.</p> <p>The Mortgage Receivables relating to OpMaat Mortgage Loans will be referred to as the "<b>OpMaat Mortgage Receivables</b>".</p>
<p><b>Investment Mortgage Loans:</b></p>	<p>Investment Mortgages Loans are Interest-Only Mortgage Loans with no fixed maturity under which a Borrower does not pay any principal amounts towards the repayment of the relevant Mortgage Loans (or the relevant part of it) with the exception of any amounts in excess of 100% of the foreclosure value of the Mortgaged Assets, which the Borrower must repay within 20 years of the origination of the Investment Mortgage Loan (the "<b>Investment Mortgage Loans</b>"). An Investment Mortgage Loan consists of an Interest-Only Mortgage Loan, and investments in securities, investment funds and/or a savings product, and if the Investment Mortgage Loan exceeds 100% of the foreclosure value of the Mortgaged Assets, a Life Insurance Policy. The investments are held in the name of the Borrower. There is no requirement that the Investment Mortgage Loan will be prepaid in full or part with the proceeds of the investments.</p>
<p><b>Hybrid Mortgage Loans:</b></p>	<p>Hybrid Mortgage Loans are Interest-Only Mortgage Loans combined with a savings account (a "<b>Hybrid Savings Account</b>") held in the name of the Borrower into which payments (upfront and/or on a regular basis) by the Borrower are made (each a "<b>Hybrid Mortgage Loan</b>"). Such Hybrid Savings Account can be combined with a securities account in the name of the Borrower with the relevant Originator (a "<b>Hybrid Securities Account</b>"). A Borrower may choose to invest such payments by crediting (i) part of such payments to the Hybrid Savings Account and, through the Hybrid Savings Account, part of such payments to the related Hybrid Securities Account for investment in certain investment</p>

funds, (ii) all such payments to the Hybrid Savings Account, or (iii) through the Hybrid Savings Account, all such payments to the related Hybrid Securities Account for investment in certain investment funds. All payments that are made into the Hybrid Savings Account for the purpose of being placed on deposit for the time being in the Hybrid Savings Account instead of being onpaid to the Hybrid Securities Account for the purpose of being invested in investment funds, are referred to as the "**Hybrid Savings**".

Pursuant to, and in accordance with, the Hybrid Mortgage Loan, the Borrower may switch its investments from and to the Hybrid Savings Account and among the investment funds. Subject to certain conditions, the Borrower may make extra payments into the Hybrid Savings Account or related Hybrid Securities Account, and may only withdraw monies standing to the credit of the Hybrid Savings Account in certain circumstances.

It is intended that the Hybrid Mortgage Loan will be repaid in full or in part with the proceeds of the Hybrid Savings Account and any related Hybrid Securities Account. The interest to be paid on the Hybrid Savings Account (but not the related Hybrid Securities Account) is in principle linked to the interest to be paid on the Hybrid Mortgage Loan. A Hybrid Mortgage Loan contains product elements which are similar to those of an OpMaat Mortgage Loan other than that a Hybrid Mortgage Loan is not combined with a capital insurance product.

The Mortgage Receivables relating to Hybrid Mortgage Loans will be referred to as the "**Hybrid Mortgage Receivables**".

Mortgage Receivables relating to a Hybrid Mortgage Loan shall not form part of the initial portfolio of Portfolio Mortgage Loans for the reason that a Hybrid Mortgage Loan is not yet offered as a product by (or on behalf of) an Originator. If amendments would be made to any product element of a Hybrid Mortgage Loan, Mortgage Receivables relating to such Hybrid Mortgage Loan will, subject to any other relevant condition set out in the Mortgage Receivables Purchase Agreement, continue to be eligible for sale and assignment to the Issuer under the Mortgage Receivables Purchase Agreement, provided that such amendments do not materially change the product description of Hybrid Mortgage Loans set out above and in the section *Description*

	<p><i>of Portfolio Mortgage Loans and Mortgage Loans below.</i></p>
<p><b>Sub-Participation Agreement:</b></p>	<p>On or before the Closing Date, the Issuer, the Savings Mortgage Participant and the Security Trustee will enter into a sub-participation agreement (the "<b>Sub-Participation Agreement</b>") under which the Savings Mortgage Participant will participate in the funding of each Savings Mortgage Receivable, each OpMaat Mortgage Receivable and each Hybrid Mortgage Receivable if and to the extent the relevant Savings Account and Hybrid Savings Account, respectively, shows a positive balance (in each case, a "<b>Sub-Participation</b>"). Under the Sub-Participation Agreement, the Savings Mortgage Participant will undertake to pay to the Issuer amounts equal to (i) all Savings Premiums scheduled to be received by the Savings Insurance Company from time to time under the Savings Insurance Policies, (ii) all OpMaat Premiums scheduled to be received by the Savings Insurance Company from time to time under the OpMaat Insurance Policies, and (iii) all Hybrid Savings scheduled to be received by the relevant Originator from time to time under the Hybrid Mortgage Loans. In return, the Savings Mortgage Participant is entitled to receive an amount equal to the Sub-Participation Redemption Available Amount from the Issuer.</p> <p>See further the section entitled <i>Sub-Participation Agreement</i>.</p> <p>The amount of the Sub-Participation in respect of a Savings Mortgage Loan, an OpMaat Mortgage Loan and a Hybrid Mortgage Loan consists of the initial participation at the date of the sale and purchase of the relevant Mortgage Receivables (which participation in respect of Savings Mortgage Receivables and OpMaat Mortgage Receivables sold on the Closing Date, is equal to an aggregate of all sums received by the Savings Insurance Company up to (but excluding) the Closing Date, as Savings Premium and as OpMaat Premium, respectively, plus, in each case, accrued interest) increased on a monthly basis by the sum of:</p>
	<p>(a) the Savings Premiums or OpMaat Premiums scheduled to be received by the Savings Insurance Company and paid by the Savings Mortgage Participant to the Issuer in respect of each Savings Mortgage Receivable or OpMaat Mortgage Receivable;</p> <p>(b) an amount equal to the amounts switched under the OpMaat Insurance Policies from investments in one or more Investment Funds into investments being made</p>

	<p>in the form of a deposit into the relevant Savings Account;</p> <p>(c) the Hybrid Savings scheduled to be received by a relevant Originator and paid by the Savings Mortgage Participant to the Issuer in respect of each Hybrid Mortgage Receivable;</p> <p>(d) an amount equal to the amounts switched under the Hybrid Mortgage Loans from the relevant Hybrid Securities Account into the relevant Hybrid Savings Account; and</p> <p>(e) the amount <i>pro rata</i>, of the Sub-Participation in the relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, in respect of the interest paid by the Borrower under such Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable,</p> <p><i>less</i> any amounts repaid by the Issuer to the Savings Mortgage Participant as Switch Amounts and <i>less</i> any Sub-Participation Redemption Available Amount paid to the Savings Mortgage Participant in accordance with the terms of the Sub-Participation Agreement.</p> <p>See further the section entitled <i>Sub-Participation Agreement</i>.</p>
<p><b>NHG Guarantee:</b></p>	<p>Some of the Mortgage Receivables will either have the benefit of a guarantee under the Nationale Hypotheek Garantie (a "<b>NHG Guarantee</b>", see further the section entitled <i>NHG Guarantee Programme</i>) or a guarantee granted by a Dutch municipality (such Mortgage Receivables, the "<b>NHG Mortgage Receivables</b>" and the Portfolio Mortgage Loans relating to such NHG Mortgage Receivables, the "<b>NHG Portfolio Mortgage Loans</b>").</p>
<p><b>Construction Deposits:</b></p>	<p>Certain Mortgage Receivables relate to a mortgage loan agreement under which the relevant Borrower has requested part of the loan to be credited to a blocked deposit account specifically opened in the Borrower's name for such purpose, in anticipation of construction and/or improvement costs to be incurred by the Borrower at a later stage in connection with the Mortgaged Asset (a "<b>Construction Deposit</b>"; <i>bouwdepot</i> and each such mortgage loan a "<b>Construction Mortgage Loan</b>"; <i>bouwhypotheek</i>). The intention is that when the applicable General Mortgage Conditions are met, the Construction Deposit is applied towards the relevant construction and/or improvement costs of the Borrower</p>

	and/or in repayment of the relevant part of the loan. In the Mortgage Receivables Purchase Agreement it will be agreed that in cases as abovementioned, the full Mortgage Receivable will be sold to the Issuer. The Construction Deposits are held with the relevant Originator. The aggregate amount of the Construction Deposits as per the Closing Date is approximately € 91,512,913.
<b>SECURITY</b>	
<b>Trust Deed:</b>	On or before the Closing Date the Issuer and the Security Trustee will enter into a trust deed (the " <b>Trust Deed</b> "). Under the Trust Deed, the Security Trustee shall act as trustee for the Noteholders and the other Secured Parties and shall exercise its powers and authorities subject to and in accordance with the Trust Deed, the Pledge Agreements and the other Transaction Documents. The Conditions are set out in the Trust Deed.
<b>Security for the Notes:</b>	The Notes will have the benefit of the following security:
	<p>(a) a pledge agreement entered into on or before the Closing Date between the Issuer and the Security Trustee under which the Issuer grants to the Security Trustee an undisclosed first ranking right of pledge over the Mortgage Receivables and any Beneficiary Rights relating thereto (to the extent such Beneficiary Rights are assigned to the Issuer and are capable of being pledged to the Security Trustee) (the "<b>Mortgage Receivables Pledge Agreement</b>"); and</p> <p>(b) a pledge agreement entered into on or before the Closing Date between, amongst others, the Issuer and the Security Trustee (the "<b>Issuer Rights Pledge Agreement</b>" and together with the Mortgage Receivables Pledge Agreement, the "<b>Pledge Agreements</b>") under which the Issuer grants to the Security Trustee a disclosed first ranking right of pledge over its rights under or in connection with:</p>
	<p>(i) the Accounts and the Liquidity Facility Stand-by Drawing Account;</p> <p>(ii) the Account Bank Agreement;</p> <p>(iii) the Issuer Administration Agreement;</p> <p>(iv) the Issuer Management Agreement;</p>

	<ul style="list-style-type: none"> <li>(v) the Liquidity Facility Agreement;</li> <li>(vi) the Mortgage Receivables Purchase Agreement;</li> <li>(vii) the Paying Agency Agreement;</li> <li>(viii) the Sub-Participation Agreement;</li> <li>(ix) the Servicing Agreement; and</li> <li>(x) the Swap Agreement.</li> </ul>
<b>CASH FLOW</b>	
<b>Liquidity Facility:</b>	<p>On or before the Closing Date, the Issuer, the Liquidity Facility Provider and the Security Trustee will enter into a 364-day term liquidity facility agreement with the Liquidity Facility Provider (the "<b>Liquidity Facility Agreement</b>") pursuant to which the Issuer will, subject to certain conditions, be entitled to make drawings up to the Liquidity Facility Maximum Amount in order to meet certain shortfalls in Interest Available Funds (the "<b>Liquidity Facility</b>"). If the Liquidity Facility Provider does not meet certain minimum rating requirements as required by Moody's, as more particularly described in the section entitled <i>Credit Structure – Liquidity Facility</i>, then, amongst other things, the Issuer shall make a Liquidity Facility Stand-by Drawing and credit such funds to the Liquidity Facility Stand-by Drawing Account.</p> <p>See further the section entitled <i>Credit Structure – Liquidity Facility</i>.</p>
<b>Account Bank Agreement:</b>	<p>On or before the Closing Date, the Issuer, the Account Bank and the Security Trustee will enter into an account bank agreement (the "<b>Account Bank Agreement</b>"). Under the Account Bank Agreement, the Account Bank will open and maintain the Accounts and the Liquidity Facility Stand-by Drawing Account held in the name of the Issuer and provide the Issuer certain account management and cash handling services in respect of the Accounts and the Liquidity Facility Stand-by Drawing Account, and, subject to the terms of the Account Bank Agreement, may, from time to time, invest amounts standing to the credit of the Reserve Account in Eligible Investments.</p>
<b>Transaction Account:</b>	<p>The Issuer will maintain with the Account Bank an euro denominated account (the "<b>Transaction Account</b>") for the purposes of crediting, amongst other things, interest and</p>

	<p>principal receipts paid to it in respect of the Mortgage Receivables. The Transaction Account shall be administered on behalf of the Issuer by the Issuer Administrator, and the Servicer shall on a Portfolio Payment Date pay into the Transaction Account amounts equal to all amounts collected in respect of the Mortgage Receivables. See further the section entitled <i>Credit Structure – The Transaction Account</i>.</p>
<b>Reserve Account:</b>	<p>The Issuer will pay the proceeds of the Subordinated Class D Notes (such amount, the "<b>Initial Reserve Required Amount</b>") into a euro denominated account held with the Account Bank in the name of the Issuer (the "<b>Reserve Account</b>", and together with the Transaction Account, the "<b>Accounts</b>"). Funds credited to the Reserve Account will be used to satisfy the payment obligations the Issuer has if there are insufficient Interest Available Funds to meet its payment obligations on a Quarterly Payment Date.</p> <p>See further the section entitled <i>Credit Structure – The Reserve Account</i>.</p>
<b>Floating Rate GIC:</b>	<p>On or before the Closing Date, the Issuer, the Security Trustee and Rabobank (in its capacity as Account Bank and Floating Rate GIC Provider) will enter into a guaranteed investment contract (the "<b>Floating Rate GIC</b>"). The Floating Rate GIC shall be incorporated into the Account Bank Agreement pursuant to which the Floating Rate GIC Provider shall pay a certain guaranteed rate of interest on all funds standing to the credit of the Accounts and the Liquidity Facility Stand-by Drawing Account.</p> <p>See further the section entitled <i>Credit Structure – Floating Rate Guaranteed Investment Contract</i>.</p>
<b>Swap Agreement:</b>	<p>On or before the Closing Date, the Issuer, the Security Trustee and the Swap Counterparty will enter into a swap agreement (the "<b>Swap Agreement</b>"). Under the Swap Agreement, the Issuer will hedge the interest rate risk it is exposed to pursuant to the interest rate income the Issuer will receive under the Mortgage Receivables and the interest payments the Issuer is obliged to make under the Notes. The Swap Counterparty is subject to certain minimum rating requirements prescribed by Moody's, as more particularly described in the section entitled <i>Credit Structure – Interest Rate Hedging</i>. If the Swap Counterparty does not meet such requirements, it is obliged to undertake certain actions specified by Moody's as described in the section entitled</p>

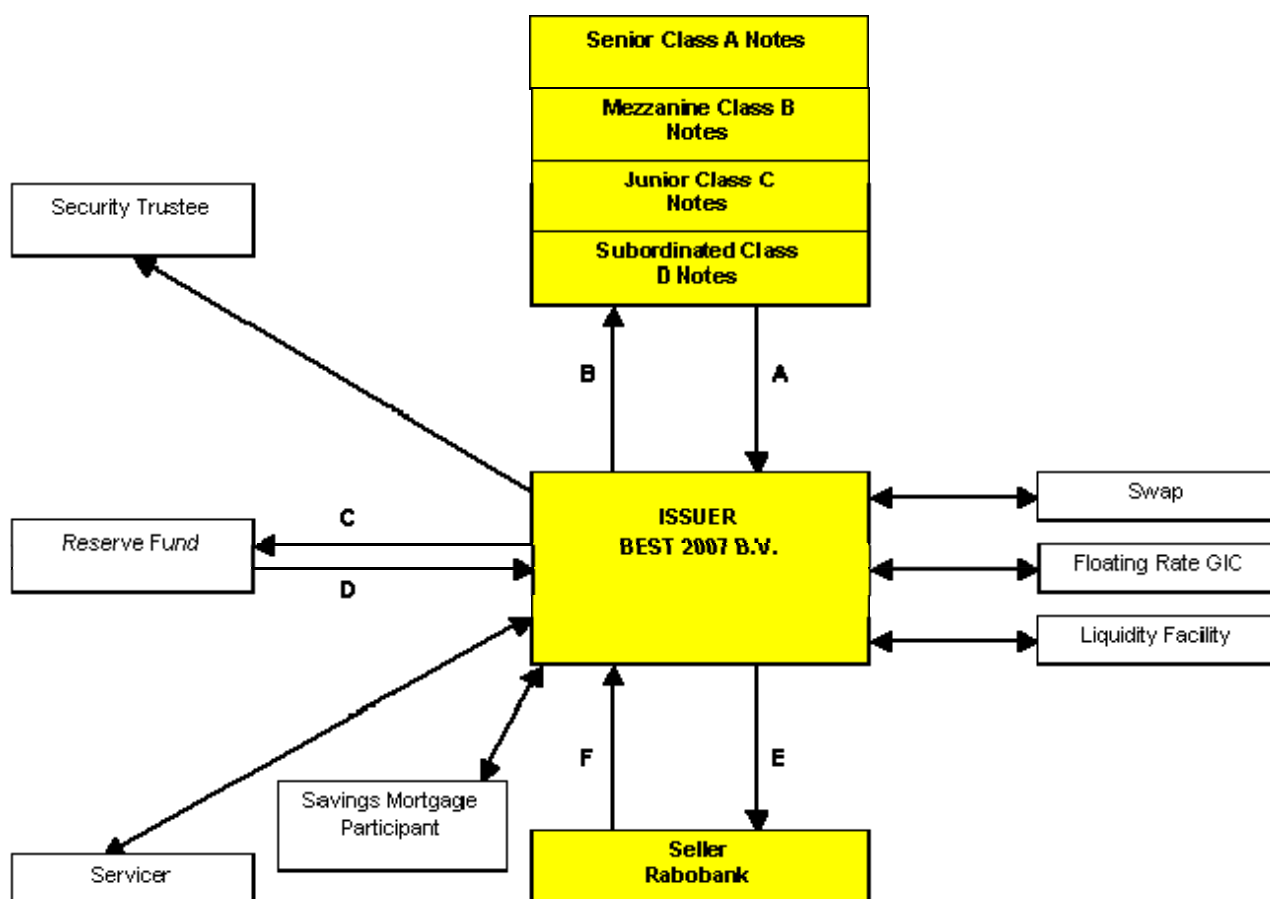


	<p><i>Credit Structure – Interest Rate Hedging.</i></p> <p>See further the section entitled <i>Credit Structure – Interest Rate Hedging.</i></p>
<b>CORPORATE AND ADMINISTRATIVE</b>	
<b>Servicing Agreement:</b>	<p>On or before the Closing Date, the Issuer, the Servicer, Rabobank and the Security Trustee will enter into a Servicing Agreement (the "<b>Servicing Agreement</b>"). Under the Servicing Agreement, the Issuer will appoint the Servicer to provide certain mortgage payment and payment collection transactional services, including, without limitation, collection services relating to the payment by Borrowers of principal, interest and other amounts in respect of the Portfolio Mortgage Loans.</p> <p>See further the section entitled <i>Servicing Agreement and Issuer Administration Agreement – Servicing Agreement.</i></p>
<b>Issuer Administration Agreement:</b>	<p>On or before the Closing Date, the Issuer, the Issuer Administrator and the Security Trustee will enter into an issuer administration agreement (the "<b>Issuer Administration Agreement</b>"). Under the Issuer Administration Agreement, the Issuer will appoint the Issuer Administrator to provide, amongst other things, certain administration, calculation and cash management services to the Issuer.</p> <p>See further the section entitled <i>Servicing Agreement and Issuer Administration Agreement – Issuer Administration Agreement.</i></p>
<b>Issuer Management Agreement:</b>	<p>On or before the Closing Date, the Issuer, the Security Trustee and the Issuer Director will enter into a management agreement in respect of the Issuer (the "<b>Issuer Management Agreement</b>"). Under the Issuer Management Agreement, the Issuer Director will undertake to act as director of the Issuer and provide certain corporate management services.</p>
<b>Security Trustee Management Agreement:</b>	<p>On or before the Closing Date, the Security Trustee and the Security Trustee Director will enter into a management agreement in respect of the Security Trustee (the "<b>Security Trustee Management Agreement</b>"). Under the Security Trustee Management Agreement, the Security Trustee Director will undertake to act as director of the Security Trustee and provide certain corporate management services.</p>
<b>Shareholder Management</b>	<p>On or before the Closing Date, the Shareholder, the Security</p>

<b>Agreement:</b>	<p>Trustee and the Shareholder Director will enter into a management agreement in respect of the Shareholder (the "<b>Shareholder Management Agreement</b>" and together with the Issuer Management Agreement and the Security Trustee Management Agreement, the "<b>Management Agreements</b>"). Under the Shareholder Management Agreement, the Shareholder Director will undertake to act as director of the Shareholder and provide certain corporate management services.</p> <p>The relevant ATC Entity is, with regard to the exercise of its powers and rights as either the Issuer Director, Security Trustee Director and Shareholder Director, under the relevant Management Agreement bound by the restrictions set out in the respective Management Agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Security Trustee and the Shareholder and the other parties involved in this transaction. The Security Trustee is a party to the Issuer Management Agreement for, <i>inter alia</i>, the better preservation and enforcement of its rights under the Issuer Rights Pledge Agreement.</p>
<b>OTHER</b>	
<b>Ratings:</b>	It is a condition to issue of the Notes that, on or about the Closing Date:
	<ul style="list-style-type: none"> <li>(a) the Senior Class A Notes be assigned on issue a credit rating of Aaa by Moody's;</li> <li>(b) the Mezzanine Class B Notes be assigned on issue a credit rating of Aa3 by Moody's; and</li> <li>(c) the Junior Class C Notes be assigned on issue a credit rating of A3 by Moody's.</li> </ul> <p>The Subordinated Class D Notes shall not be rated.</p>
<b>Listing:</b>	Application has been made for the Notes to be listed on Euronext Amsterdam.
<b>Governing Law:</b>	The Notes will be governed by and construed in accordance with the laws of The Netherlands.

## CREDIT STRUCTURE

This basic structure diagram and summary below describe the principal features of the transaction. The diagram and summary must be read in conjunction with, and are qualified entirely by, the detailed information presented elsewhere in this Prospectus.



Key:

A = Proceeds of the Notes

B = Principal and interest on the Notes

C = Proceeds of Subordinated Class D Notes to fund the Initial Reserve Required Amount

D = Proceeds of Reserve Fund used to meet certain funding shortfalls

E = Purchase price of Mortgage Receivables

F = Principal and interest on Mortgage Receivables

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

### **Mortgage Loan Interest Rates**

The interest rate of each Portfolio Mortgage Loan is either fixed (but subject to a reset from time to time), floating or is comprised of any other interest type, as further described in the section entitled *Description of Portfolio Mortgage Loans and Mortgage Loans*. On the Portfolio Cut-Off Date the weighted average interest rate of the Portfolio Mortgage Loans was 4.7 per cent.

## Cash Collection

### *Seller Cash Collection*

Payments by the Borrowers under the Portfolio Mortgage Loans are collected by direct debit on or about the first (1st) Business Day of each month for Borrowers that have accounts held with Local Rabobanks and on or about the 26<sup>th</sup> calendar day of each month for Borrowers who do not have accounts held with Local Rabobanks. Interest on such Portfolio Mortgage Loans is payable in arrears. Until an Assignment Notification Event has occurred all payments made by Borrowers will be credited to an account of the relevant Originator held with Rabobank or such Originator and which is administered by the Servicer (the "**Collection Accounts**").

The Collection Accounts will also be used for the collection of moneys paid in respect of mortgage loans other than Portfolio Mortgage Loans and collection of other funds belonging to a relevant Originator.

If at any time the short-term, unsecured and unguaranteed debt obligations of Rabobank are assigned a rating less than Prime-1 by Moody's (the "**Required Rating**"), or if such rating is withdrawn, Rabobank shall within thirty (30) days of the occurrence of either event (a) procure that payments to be made in respect of amounts received on each Collection Account in respect of the Portfolio Mortgage Loans will be guaranteed by a party having a rating of at least the Required Rating; or (b) (i) open an escrow account in the name of the Issuer, for its own account, with a party having at least the required minimum rating; and (ii) transfer to the escrow account an amount equal to the highest single amount of principal, interest, interest penalties and prepayment penalties received as of the Closing Date on each Collection Account during one Portfolio Calculation Period; or (c) implement any other actions to ensure that the ratings of the Notes will not be adversely affected.

### *Issuer Cash Collection*

Before the occurrence of an Assignment Notification Event, on the 21<sup>st</sup> day of each calendar month (and if such day is not a Business Day the day that will be the next following Business Day) (each a "**Portfolio Payment Date**"), the Servicer shall procure the transfer of an amount equal to all amounts of principal, interest, interest penalties and prepayment penalties received by the relevant Originator (whether or not on behalf of the Seller) in respect of the Portfolio Mortgage Loans and credited to the Collection Accounts during the immediately preceding Portfolio Calculation Period to the Transaction Account.

### *Savings Insurance Policies, OpMaat Insurance Policies and Hybrid Savings Cash Collection*

Payments by the Borrowers under the Savings Insurance Policies and the OpMaat Insurance Policies are collected by direct debit on or about the first (1st) Business Day of each month. The premium is payable upfront. The Savings Insurance Company will credit the Savings Premiums and OpMaat Premiums received to an account held in its name with the relevant Originator.

Payments by the Borrowers of Hybrid Savings in respect of the relevant Hybrid Mortgage Loan are collected by direct debit on or about the first (1st) Business Day of each month. The Hybrid Savings received by the relevant Originator will be credited to the relevant Hybrid Savings Account held with the relevant Originator.

### *Portfolio Calculation Period*

The period from the second (2nd) day of a calendar month to the first (1st) day of the next calendar month (inclusive) shall be the "**Portfolio Calculation Period**" except for the first (1st) Portfolio Calculation Period which will be the period from the Portfolio Cut-Off Date to 1 January 2008 (inclusive).

## **Floating Rate Guaranteed Investment Contract and Account Bank Agreement**

### *Floating Rate GIC*

The Floating Rate GIC Provider will enter into the Floating Rate GIC with the Issuer pursuant to (and which is incorporated in) the Account Bank Agreement. Under the Floating Rate GIC, the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three month EURIBOR minus (or plus or minus in respect of any Eligible Investments) a margin specified in the Facility Fee Letter on the balance standing from time to time to the credit of the Transaction Account, the Reserve Account (including any Eligible Investments) and the Liquidity Facility Stand-by Drawing Account. The amounts of interest credited to the Accounts shall form part of and be credited to the Interest Available Funds.

The Account Bank Agreement will provide that payments may only be made from the Transaction Account other than on a Quarterly Payment Date to satisfy:

- (a) amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business; and
- (b) amounts due under the Sub-Participation Agreement.

### *Rating of the Account Bank (also in its capacity as Floating Rate GIC Provider)*

If at any time the short term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank or the Floating Rate GIC Provider are rated less than the Required Rating, or such rating is withdrawn, or the Account Bank or the Floating Rate GIC Provider ceases to be authorised to conduct business in The Netherlands, then the Account Bank, the Floating Rate GIC Provider and the Issuer will procure within thirty (30) days thereafter:

- (a) the transfer of the balance standing to the credit on each of the Transaction Account, Reserve Account and the Liquidity Facility Stand-by Drawing Account to another bank or banks approved in writing by the Security Trustee (such approval not to be unreasonably withheld or delayed) with a rating of at least the Required Rating and which is or are a bank or banks authorised to conduct business in The Netherlands in accordance with the FMSA; or
- (b) that a third party having a rating of at least the Required Rating guarantees the obligations of the Account Bank and the Floating Rate GIC Provider; and/or
- (c) take any other solution to maintain the then current rating of the Notes.

## **The Transaction Account**

### *Funds to be credited to the Transaction Account*

The Issuer will establish on or prior to the Closing Date and maintain with the Account Bank, the Transaction Account (and the relevant sub-ledgers) into which the Servicer (or any sub-servicer) on behalf of the Issuer shall credit all amounts received:

- (a) in respect of the Portfolio Mortgage Loans;
- (b) from the Savings Mortgage Participant under the Sub-Participation Agreement;
- (c) from the Liquidity Facility Provider as a Liquidity Facility Drawing under the Liquidity Facility but not any Liquidity Facility Stand-by Drawings to such account; and
- (d) from any of the other parties to the Transaction Documents.

#### *Sub-ledgers*

The Issuer Administrator will identify the amounts paid into the Transaction Account by crediting such amounts to sub-ledgers, as applicable, and as established for such purpose.

Payments received on each Portfolio Payment Date in respect of the Portfolio Mortgage Loans will be identified as "principal" or "interest" receipts and recorded as credit amounts on a principal ledger (the "**Principal Ledger**") or an interest ledger (the "**Interest Ledger**"), as applicable, and which shall be established as sub-ledgers of the Transaction Account.

#### **The Reserve Account**

##### *Reserve Account*

The Issuer will establish on or prior to the Closing Date and maintain with the Account Bank the Reserve Account. The net proceeds of the Subordinated Class D Notes will be credited to the Reserve Account.

##### *Utilising the Reserve Account*

If the Interest Available Funds are insufficient to meet the Issuer's obligations under items (a) to (l) (inclusive) of the Interest Priority of Payments in full, then amounts credited to the Reserve Account will be available to the Issuer to satisfy such obligations on any Quarterly Payment Date. See further the paragraph *Interest Priority of Payments* in this section below.

##### *Reserve Account Target Level*

If and to the extent that the Interest Available Funds calculated on any Notes Calculation Date exceed the amounts required by the Issuer to satisfy its obligations under items (a) to (l) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited to the Reserve Account or, as the case may be, applied to replenish the Reserve Account, to the extent required, until the balance standing to the credit of the Reserve Account equals an amount equal to 1.3 per cent. of the aggregate Principal Amount Outstanding of the Notes excluding the Subordinated Class D Notes, as at the Closing Date (such amount being the "**Reserve Account Target Level**").

##### *Excess funds in the Reserve Account*

If the balance standing to the credit of the Reserve Account on any Notes Calculation Date (following any credits of excess Interest Available Funds in the circumstances described in the previous paragraph), exceeds the Reserve Account Target Level, such excess amount shall be drawn from the Reserve Account on the next following Quarterly Payment Date and be credited to the Transaction Account, and form part of the Interest Available Funds.

#### *Reduction of Reserve Account Target Level*

If on any Notes Calculation Date all amounts of interest and principal due and payable in respect of the Notes, except for principal in respect of the Subordinated Class D Notes, have been paid on the Quarterly Payment Date immediately before such Notes Calculation Date or will be available for payment on the Quarterly Payment Date immediately after such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero. In such circumstances, all amounts standing to the credit of the Reserve Account will thereafter be credited to the Transaction Account and form part of the Interest Available Funds.

#### *Eligible Investments*

Pursuant to the Account Bank Agreement, the Account Bank may, on behalf of the Issuer, make payments out of sums standing to the credit of the Reserve Account for the purpose of investing moneys from time to time standing to the credit of the Reserve Account in Eligible Investments that are capable of being realised either on demand or on such other basis as is appropriate, having regard to the Issuer's requirement for funds out of the Reserve Account. Any proceeds of Eligible Investments shall be credited to the Reserve Account and shall be applied in the same manner as any other amount standing from time to time to the credit of the Reserve Account and applied in accordance with the Transaction Documents.

#### **Termination of the Account Bank Agreement**

The Issuer and the Security Trustee, acting jointly, may terminate any or all of the arrangements set out in the Account Bank Agreement by giving not less than thirty (30) days' prior written notice of their intention to do so to the Account Bank provided that the arrangements set out in the Account Bank Agreement in respect of the Liquidity Facility Account may only terminate if the Account Bank is no longer the Liquidity Facility Provider at such time. No such termination shall take effect unless and until certain requirements have been met to the satisfaction of the Security Trustee. The appointment of the Account Bank will also terminate upon the occurrence of certain termination events (which include certain failures by the Account Bank to comply with its obligations under the Account Bank Agreement). In addition, the Account Bank may resign its appointment under the Account Bank Agreement (and in respect of the Liquidity Facility Account, only if it is also the Liquidity Facility Provider, at such time) at any time by giving to the Issuer and the Security Trustee at least sixty (60) days' prior written notice, provided always that so long as any of the Notes are outstanding, no such resignation shall take effect until a new account bank (including the provider of a floating rate guaranteed investment contract) shall have been appointed and certain other requirements are met.

#### **The Liquidity Facility Account**

The Issuer will establish on or prior to the Closing Date and maintain with the Liquidity Facility Provider a bank account which shall be designated the "Liquidity Facility Account" (the

**"Liquidity Facility Account"**). The Liquidity Facility Account shall be debited by an amount equal to any Liquidity Facility Drawing made by the Issuer from the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement. Funds debited to the Liquidity Facility Account shall be credited to the Transaction Account to be applied by or on behalf of the Issuer in accordance with the Liquidity Facility. See further the paragraph *Liquidity Facility* in this section below.

### **The Liquidity Facility Stand-by Drawing Account**

Any Liquidity Facility Stand-by Drawing made under the Liquidity Facility Agreement shall be credited to an account established on or prior to the Closing Date and maintained with the Account Bank for such purpose and which shall be designated the "Liquidity Facility Stand-by Drawing Account" (the "**Liquidity Facility Stand-by Drawing Account**").

### **Fees**

Fees, costs and expenses payable by the Issuer to the Account Bank in respect of, amongst other things, establishing and maintaining the Accounts and the Liquidity Facility Stand-by Drawing Account, and in respect of the provision by the Liquidity Facility Provider of the Liquidity Facility, will be due and payable subject to and in accordance with a fee letter entered into between the Issuer, the Security Trustee and Rabobank (acting in its capacity as Account Bank and Liquidity Facility Provider) on or before the Closing Date (the "**Facility Fee Letter**").

### **Principal Deficiency Ledgers and the allocation of Realised Losses**

#### *Principal Deficiency Ledgers*

Principal deficiency ledgers shall be established on behalf of the Issuer by the Issuer Administrator in respect of the Senior Class A Notes (the "**Senior Class A PDL**"), the Mezzanine Class B Notes (the "**Mezzanine Class B PDL**") and the Junior Class C Notes (the "**Junior Class C PDL**", and together with the Senior Class A PDL and the Mezzanine Class B PDL, the "**Principal Deficiency Ledgers**") in order to record any Realised Losses incurred on the Mortgage Receivables.

#### *Allocation of losses*

Any Realised Losses will on the relevant Notes Calculation Date be debited to the Principal Deficiency Ledgers sequentially as follows:

- (a) *first*, to the Junior Class C PDL up to an amount equal to the aggregate Principal Amount Outstanding of the Junior Class C Notes and if there are sufficient Interest Available Funds then any debit amount on the Junior Class C PDL shall be credited at item (k) of the Interest Priority of Payments;
- (b) *second*, to the Mezzanine Class B PDL up to an amount equal to the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes and if there are sufficient Interest Available Funds then any debit amount on the Mezzanine Class B PDL shall be credited at item (i) of the Interest Priority of Payments; and
- (c) *third*, to the Senior Class A PDL up to an amount equal to the aggregate Principal Amount Outstanding of the Senior Class A Notes and if there are sufficient Interest



Available Funds then any debit amount on the Senior Class A PDL shall be credited at item (g) of the Interest Priority of Payments.

Any debit amount recorded on the respective Principal Deficiency Ledgers shall be a "**Senior Class A Principal Deficiency**", a "**Mezzanine Class B Principal Deficiency**" and a "**Junior Class C Principal Deficiency**" and each a "**Principal Deficiency**", as applicable and as the context requires.

*Realised Losses*

"**Realised Losses**" means on any Notes Calculation Date, an amount equal to:

- (a) the aggregate principal amount outstanding of all Mortgage Receivables, which an Originator, the Seller, the Servicer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the relevant Notes Calculation Date *less* the Sub-Participations, and *less* the sum of the Net Proceeds applied to reduce the principal amounts under such Mortgage Receivables *less* the Sub-Participations; and
- (b) the aggregate principal amount outstanding of all Mortgage Receivables sold and assigned by the Issuer pursuant to the Mortgage Receivables Purchase Agreement and/or the Trust Deed, *less* the Sub-Participations, and *less* the net purchase price (to the extent relating to principal) received by or on behalf of the Issuer in respect of such sold Mortgage Receivables from the Closing Date up to and including the relevant Notes Calculation Date, *less* the Sub-Participations.

For the purpose hereof, the proceeds of:

- (a) a foreclosure on the mortgage right securing the Mortgage Loan;
- (b) a foreclosure on any other collateral securing the Mortgage Loan;
- (c) the collection, if any, of any insurance policies in connection with the Mortgage Loan, including but not limited to any Insurance Policy and any fire insurance policy;
- (d) any guarantees or sureties issued in connection with the Mortgage Loan (including but not limited to any NHG Guarantee, municipality guarantee, LB Surety, Stichting Surety or Intra Bank Surety); and
- (e) foreclosure on any other assets of the relevant debtor under the Mortgage Loan,

after deduction of foreclosure costs,

shall be the "**Net Proceeds**" in each case, in respect of the applicable Mortgage Loan and/or Mortgage Receivable, to which the Issuer is entitled in respect of that Mortgage Receivable (taking into account the Issuer's benefit of any Subordination Agreement applying to the relevant Portfolio Mortgage Loan and/or the Issuer's pro rata entitlement to such proceeds (as the case may be) (provided that, for the avoidance of doubt, if any such proceeds relate to any payment made under a NHG Guarantee or guarantee from a relevant municipality issued in respect of a NHG Portfolio Mortgage Loan to which such Mortgage Receivable relates and to which the Issuer is entitled, the Issuer shall be entitled to such proceeds in full).

### Calculation of available funds

On the 3rd Business Day before each Quarterly Payment Date (the "**Notes Calculation Date**") the Issuer Administrator will calculate the amount of the Interest Available Funds and the Principal Available Funds available to the Issuer in the Transaction Account to satisfy its obligations under the Notes. The Interest Available Funds and the Principal Available Funds shall be calculated by reference to the interest and the principal receipts received by the Issuer during the three (3) preceding Portfolio Calculation Periods (such period a "**Notes Calculation Period**").

### Interest Available Funds

On a Notes Calculation Date, the Issuer Administrator will calculate the amount of interest funds available to the Issuer in the Transaction Account by reference to the applicable Notes Calculation Period, and such interest funds (the "**Interest Available Funds**") shall be the sum of the following:

- (a) any interest received by the Issuer on the Mortgage Receivables; *less*, with respect to each Savings Mortgage Receivable, OpMaat Mortgage Receivable and Hybrid Mortgage Receivable, an amount equal to:
  - (i) the amount of interest received by the Issuer, multiplied by
  - (ii) the quotient of:
    - (A) the Sub-Participation; and
    - (B) the outstanding principal amount of such Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable (the "**Sub-Participation Fraction**");
- (b) any interest credited to the Transaction Account and the Reserve Account or otherwise received from Eligible Investments which it has the option to invest in under the Account Bank Agreement;
- (c) any prepayment penalties and interest penalties (*boeterente*) under the Mortgage Receivables;
- (d) the aggregate amount of the Net Proceeds in respect of any Mortgage Receivables to the extent such proceeds do not relate to principal amounts; *less* with respect to any Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to such Net Proceeds multiplied by the Sub-Participation Fraction;
- (e) any amounts that can be drawn from the Reserve Account on the immediately following Quarterly Payment Date;
- (f) any amounts to be drawn under the Liquidity Facility (other than a Liquidity Facility Stand-by Drawing) on the immediately following Quarterly Payment Date;
- (g) any amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately following Quarterly Payment Date;

- (h) the aggregate amount of:
  - (i) any amounts received:
    - (A) in respect of a repurchase or sale of Mortgage Receivables under the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be; and
    - (B) in respect of any other amounts received under the Mortgage Receivables Purchase Agreement in connection with the Mortgage Receivables;

in each case, to the extent such amounts do not relate to principal amounts;

*less*
  - (ii) with respect to any Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to the amounts set out in sub-paragraph (i) of this item (h) multiplied by the Sub-Participation Fraction;
- (i) any amounts received as post-foreclosure proceeds on the Mortgage Receivables, to the extent such amounts are not due and payable to the WEW or a municipality to satisfy its recourse claim resulting from a payment made by it under the relevant NHG Guarantee or the guarantee granted by that municipality; and
- (j) after all amounts of interest and principal due in respect of the Notes, except for the principal amounts under the Subordinated Class D Notes, have been paid on the Quarterly Payment Date immediately preceding the relevant Notes Calculation Date or will be available for payment on the immediately following Quarterly Payment Date, any amount standing to the credit of the Reserve Account.

### **Interest Priority of Payments**

Before the delivery of an Enforcement Notice by the Security Trustee if on any Quarterly Payment Date the Issuer has any Interest Available Funds, the Issuer Administrator shall instruct the Account Bank to apply the Interest Available Funds in accordance with the following order of priority (the "**Interest Priority of Payments**") in each case only if and to the extent that payments or provisions of a higher order or priority have been made in full:

- (a) *first*, pro rata:
  - (i) in or towards payment of pro rata:
    - (A) all fees, costs and expenses (and indemnity payments, if applicable) due and payable to the Security Trustee or any other costs, charges and liabilities incurred by it in accordance with the Trust Deed and any of the other Transaction Documents; and
    - (B) all fees due and payable to the Directors in connection with the Management Agreements; and

- (ii) by retaining an amount equal to the higher of (i) € 625 (i.e. € 2,500 per annum) and (ii) 2.5 per cent. (i.e. 10 per cent. per annum) of the annual amount due and payable by the Issuer to its Director in connection with the Issuer Management Agreement, pursuant to item (i)(B) above, representing taxable income for corporate income tax purposes in The Netherlands, of which a part is to be applied towards satisfaction of the Issuer's corporate income tax liability from time to time;
- (b) *second*, in or towards payment of pro rata:
- (i) all fees, costs and expenses due and payable to the Servicer under the Servicing Agreement; and
  - (ii) all fees, costs and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement;
- (c) *third*, in or towards payment of pro rata:
- (i) all amounts due and payable to third parties under obligations incurred in respect of the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (other than Netherlands corporate income tax over the amount in item (a)(ii) above);
  - (ii) all fees, costs and expenses due and payable to the Agents under the Paying Agency Agreement, and any other agent appointed under the Transaction Documents, and all fees, costs and expenses due and payable to Euroclear Netherlands, Euroclear and/or Clearstream Luxembourg;
  - (iii) all fees, costs and expenses due and payable to Moody's;
  - (iv) all fees, costs and expenses due and payable to the legal advisors, accountants and auditors appointed by the Issuer and/or the Security Trustee; and
  - (v) all commitment fees due and payable under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, in or towards payment of all amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement except (i) all amounts paid under item (c)(v) above, and except (ii) all Subordinated Liquidity Amounts payable under item (p) below;
- (e) *fifth*, in or towards payment of all amounts due and payable to the Swap Counterparty under the Swap Agreement excluding all Subordinated Swap Amounts payable under item (o) below;
- (f) *sixth*, in or towards payment of all interest due or overdue in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards payment of all sums to be credited to the Senior Class A PDL until any debit balance on the Senior Class A PDL is reduced to zero;

- (h) *eighth*, in or towards payment of all interest due or overdue in respect of the Mezzanine Class B Notes;
- (i) *ninth*, in or towards payment of all sums to be credited to the Mezzanine Class B PDL until any debit balance on the Mezzanine Class B PDL is reduced to zero;
- (j) *tenth*, in or towards payment of all interest due or overdue in respect of the Junior Class C Notes;
- (k) *eleventh*, in or towards payment of all sums to be credited to the Junior Class C PDL until any debit balance on the Junior Class C PDL is reduced to zero;
- (l) *twelfth*, in or towards payment of all interest due or overdue in respect of the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards payment of all sums required to replenish the Reserve Account up to the Reserve Account Target Level;
- (n) *fourteenth*, in or towards payment of all principal due or overdue in respect of the Subordinated Class D Notes;
- (o) *fifteenth*, in or towards payment of all Subordinated Swap Amounts due and payable to the Swap Counterparty under the Swap Agreement;
- (p) *sixteenth*, in or towards payment of all Subordinated Liquidity Amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement; and
- (q) *seventeenth*, in or towards payment of a Deferred Purchase Price Instalment.

### **Principal Available Funds**

On a Notes Calculation Date, the Issuer Administrator will calculate the amount of principal funds available to the Issuer in the Transaction Account by reference to the applicable Notes Calculation Period, and such principal funds (the "**Principal Available Funds**") shall be the sum of the following:

- (a) the aggregate amount of any repayment and prepayment in full of principal amounts under the Mortgage Receivables, from any person, whether by set-off or otherwise, but excluding prepayment penalties, if any; *less* with respect to any Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to such repayment and prepayment proceeds *multiplied* by the Sub-Participation Fraction;
- (b) the aggregate amount of any Net Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal amounts; *less* with respect to any Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to such Net Proceeds *multiplied* by the Sub-Participation Fraction;
- (c) the aggregate amount of:
  - (i) any amounts received:

(1) in respect of a repurchase or sale of Mortgage Receivables under the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be; and

(2) in respect of any other amounts received under the Mortgage Receivables Purchase Agreement in connection with the Mortgage Receivables;

in each case, to the extent such amounts relate to principal amounts;

*less*

- (ii) with respect to any Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to the amounts set out in sub-paragraph (i) of this item (c) multiplied by the Sub-Participation Fraction;
- (d) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date;
- (e) any Sub-Participation increase pursuant to the Sub-Participation Agreement;
- (f) the proceeds of any guarantees or sureties, including any NHG Guarantee or a guarantee granted by a municipality;
- (g) any partial prepayment under the Mortgage Receivables, *excluding* prepayment penalties, if any;
- (h) any Principal Available Funds calculated on the immediately preceding Notes Calculation Date which have not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date; and
- (i) the Temporary Ledger Amount.

**Principal Priority of Payments**

Before the delivery of an Enforcement Notice by the Security Trustee, if on any Quarterly Payment Date the Issuer has any Principal Available Funds, the Issuer Administrator shall instruct the Account Bank to apply the Principal Available Funds in accordance with the following order of priority (the "**Principal Priority of Payments**") in each case only if and to the extent that payments or provisions of a higher order or priority have been made in full:

- (a) *first*, in or towards satisfaction of the following:
  - (i) *first*, all Switch Amounts due and payable to the Savings Mortgage Participant pursuant to a Savings Switch (if any) up to the Savings Switch Available Amount;
  - (ii) *second*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Further Advance Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Further Advance Receivable Available Amount;

- (iii) *third*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Replacement Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Replacement Receivable Available Amount; and
- (iv) *fourth*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the First Optional Redemption Date (a) the purchase price of Substitute Receivables if any, and to the extent offered to the Issuer by the Seller, up to the Substitute Receivable Available Amount, or (b) to the extent that the Seller has not offered Substitute Receivables, or only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger, provided that the period during which the Temporary Ledger may show a positive balance shall not exceed three subsequent Quarterly Interest Periods (the "**Restriction**");

in each case, if and to the extent that payments or provisions of a higher order of priority have been made in full;

- (b) *second*, in redeeming, pro rata, the Senior Class A Notes until there are no Senior Class A Notes outstanding;
- (c) *third*, in redeeming, pro rata, the Mezzanine Class B Notes until there are no Mezzanine Class B Notes outstanding;
- (d) *fourth*, in redeeming, pro rata, the Junior Class C Notes until there are no Junior Class C Notes outstanding; and
- (e) *fifth*, in or towards payment of a Deferred Purchase Price Instalment.

Principal Available Funds shall not be used to redeem the Subordinated Class D Notes because principal amounts due and payable under the Subordinated Class D Notes shall be paid from the Interest Available Funds under item (n) of the Interest Priority of Payments.

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

If an Enforcement Notice is delivered to the Issuer by the Security Trustee, except for any amount owed to the Savings Mortgage Participant in respect of any Sub-Participation, all monies held in the Accounts (including any Eligible Investments), and the Liquidity Facility Stand-by Drawing Account and all monies received or recovered by the Issuer and/or the Security Trustee (or the Issuer Administrator on its behalf) will be applied in accordance with the Enforcement Priority of Payments in the following order or priority (the "**Enforcement Priority of Payments**") and together with the Interest Priority of Payments and Principal Priority of Payments, the "**Priority of Payments**") in each case if and to the extent that payments or provisions of a higher order or priority have been made in full:

- (a) *first*, in or towards payment of pro rata:

- (i) all fees, costs and expenses (and indemnity payments, if applicable) due and payable to the Security Trustee and any other costs, charges and liabilities incurred by it in accordance with the Trust Deed and any of the other Transaction Documents; and
  - (ii) all fees, costs and expenses due and payable to the Directors in connection with the Management Agreements;
- (b) *second*, in or towards payment of pro rata:
- (i) all fees, costs and expenses due and payable to the Agents under the Paying Agency Agreement, and any other agent appointed under the Transaction Documents, and all fees, costs and expenses due and payable to Euroclear Netherlands, Euroclear and/or Clearstream Luxembourg;
  - (ii) all fees, costs and expenses due and payable to the Servicer under the Servicing Agreement;
  - (iii) all fees, costs and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement;
  - (iv) all fees, costs and expenses due and payable to Moody's;
  - (v) all fees, costs and expenses due and payable to the legal advisors, accountants and auditors appointed by the Issuer and/or the Security Trustee; and
  - (vi) all commitment fees due and payable under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (c) *third*, in or towards payment of all amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement except (i) all amounts paid under item (b)(vi) above; and except any Subordinated Liquidity Amounts payable under item (m) below;
- (d) *fourth*, in or towards payment of pro rata:
- (i) all amounts due and payable to the Swap Counterparty under the Swap Agreement excluding any Subordinated Swap Amounts payable under item (l) below; and
  - (ii) all interest due or overdue in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards payment of pro rata all principal due or overdue in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards payment of pro rata all interest due or overdue in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards payment of pro rata all principal due or overdue in respect of the Mezzanine Class B Notes;



- (h) *eighth*, in or towards payment of pro rata all interest due or overdue in respect of the Junior Class C Notes;
- (i) *ninth*, in or towards payment of pro rata all principal due or overdue in respect of the Junior Class C Notes;
- (j) *tenth*, in or towards payment of pro rata all interest due or overdue in respect of the Subordinated Class D Notes;
- (k) *eleventh*, in or towards payment of pro rata all principal due or overdue in respect of the Subordinated Class D Notes;
- (l) *twelfth*, in or towards payment of all Subordinated Swap Amounts due and payable to the Swap Counterparty under the Swap Agreement;
- (m) *thirteenth*, in or towards payment of all Subordinated Liquidity Amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement; and
- (n) *fourteenth*, in or towards payment of a Deferred Purchase Price Instalment.

### **Liquidity Facility**

#### *The Liquidity Facility*

On or before the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. On a Quarterly Payment Date, the Issuer will be able to make drawings under the Liquidity Facility up to an amount equal to the higher of:

- (a) an amount equal to 2.0 per cent. of the Principal Amount Outstanding of the Notes on such date; and
- (b) an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date.

(the "**Liquidity Facility Maximum Amount**").

#### *Utilisation and term*

On any Quarterly Payment Date (other than (i) a Quarterly Payment Date if and to the extent that on such date the Notes except for the Subordinated Class D Notes are redeemed in full and (ii) the Quarterly Payment Date immediately before the Final Maturity Date) the Issuer will be entitled to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount.

The Liquidity Facility Agreement will be for a term of 364 days. Payments to the Liquidity Facility Provider (other than the Subordinated Liquidity Amounts) will rank in priority higher than payments under the Notes. The commitment of the Liquidity Facility Provider is extendable at its discretion.

#### *Availability*

Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of any Interest Available Funds and the amounts available in the Reserve Account (each a "**Liquidity Facility Drawing**"), there is a shortfall in the Interest Available Funds to meet items (a) up to and including (l) of the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawings may be made to meet items (e), (g), (i) and (k) of the Interest Priority of Payments, and provided further that no drawings may be made on any Quarterly Payment Date for the payment of any shortfalls in interest:

- (a) on the Mezzanine Class B Notes if there was a Mezzanine Class B Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date; and
- (b) on the Junior Class C Notes or the Subordinated Class D Notes if there was a Junior Class C Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date.

Upon making a Liquidity Facility Drawing, the Liquidity Facility Account shall be debited for an amount equal to the relevant Liquidity Facility Drawing. The proceeds of any Liquidity Facility Drawing shall be credited (by or on behalf of the Issuer) to the Transaction Account.

*Minimum rating requirement and stand-by drawings*

If, at any time, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are (a) assigned a credit rating of less than the Required Rating and/or such rating is withdrawn and (b) within thirty (30) days of such downgrading or withdrawal the Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative liquidity facility provider, or a third party having the required ratings has not guaranteed the obligations of the Liquidity Facility Provider, or another solution acceptable to Moody's is not found, the Issuer will, unless the Security Trustee has confirmed that the rating of the Notes will not be adversely affected, be required forthwith to draw down the entire undrawn portion of the Liquidity Facility (a "**Liquidity Facility Stand-by Drawing**") and credit such amount into the Liquidity Facility Stand-by Drawing Account. A Liquidity Facility Stand-by Drawing credited to the Liquidity Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as if the Liquidity Facility Stand-by Drawing had not been made. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed prior to the commitment termination date of the Liquidity Facility. Upon a Liquidity Facility Stand-by Drawing being made under the Liquidity Facility, the Liquidity Facility Account shall be debited for an amount equal to the relevant Liquidity Facility Stand-by Drawing. Upon utilisation of a Liquidity Facility Stand-by Drawing from the Liquidity Facility Stand-by Drawing Account, the Liquidity Facility Stand-by Drawing Account shall be debited for an amount equal to such Liquidity Facility Stand-by Drawing.

*Subordinated Liquidity Amounts*

Certain payment obligations owed by the Issuer to the Liquidity Facility Provider will be subordinated to certain other obligations owed by the Issuer to the Liquidity Facility Provider under the Liquidity Facility Agreement.

An amount equal to the sum of:

- (a) an amount equal to the positive difference between:
  - (i) the interest due and payable to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement on the principal amount outstanding on any Liquidity Facility Account; and
  - (ii) the interest received from the Floating Rate GIC Provider on the balance standing to the credit of the Liquidity Facility Stand-by Drawing Account;

*plus*

- (b) any gross-up amounts or additional amounts due and payable under the Liquidity Facility and not otherwise paid under item (c)(v) of the Interest Priority of Payments and under item (b)(vi) of the Enforcement Priority of Payments, as applicable,

(such amount, a "**Subordinated Liquidity Amount**") shall be payable at item (p) of the Interest Priority of Payments and at item (m) of the Enforcement Priority of Payments, as applicable.

### **Interest Rate Hedging**

#### *Interest Rate Hedging Strategy*

The Issuer will receive, amongst other things, floating rate interest or a fixed rate of interest (subject to a reset, from time to time) on and in respect of the Mortgage Receivables it shall purchase under the Mortgage Receivables Purchase Agreement from time to time. The Issuer will pay a fixed margin (which is subject to a possible reset in accordance with Condition 5.6 (*Margin reset right for single Noteholder*)) plus the Euro Reference Rate on the Notes it shall issue on or about the Closing Date and such fixed margin on the Notes will increase after the First Optional Redemption Date except for the Subordinated Class D Notes. To hedge the interest rate mismatch between the interest rate income the Issuer will receive under the Mortgage Receivables and the interest payments the Issuer is obliged to make under the Notes, the Issuer shall on or before the Closing Date enter into the Swap Agreement.

#### *The Swap Agreement*

Under the Swap Agreement, the Issuer will pay the Swap Counterparty on a Quarterly Payment Date and in respect of the relevant Notes Calculation Period, an amount equal to the sum of:

- (a) all interest scheduled to be received under and in respect of the Mortgage Receivables;  
*plus*
- (b) all prepayment penalties received under and in respect of the Mortgage Receivables; *plus*
- (c) all interest credited to the Transaction Account; *less*
- (d) all expenses due and payable at items (a), (b), and (c) of the Interest Priority of Payments; *less*
- (e) an aggregate amount equal to (i) the excess spread margin of 0.5 per cent. per annum (the "**Excess Spread Margin**") applied to (ii) (x) the Principal Amount Outstanding of each

Class of Notes except for the Subordinated Class D Notes, on the first day of the relevant Quarterly Interest Period; *less*, (y) in each case, any Principal Deficiency; *less*

- (f) with respect to each Savings Mortgage Receivable, each OpMaat Mortgage Receivable and each Hybrid Mortgage Receivable, an amount equal to the interest amount scheduled to be received multiplied by the relevant Sub-Participation Fraction.

In return, the Swap Counterparty will pay the Issuer amounts equal to the scheduled interest due under each Class of Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period.

The notional amount under the Swap Agreement, however, will be reduced to the extent there is a Principal Deficiency in respect of any Class of Notes on the Principal Deficiency Ledgers. As there is no principal deficiency sub-ledger in respect of the Subordinated Class D Notes, the swap notional amount for the Subordinated Class D Notes will be reduced to zero if there is a Junior Class C principal Deficiency.

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

The Swap Agreement will provide that the Swap Counterparty can transfer its obligations under the Swap Agreement to an Affiliate (as defined in the Swap Agreement) of equivalent rating (whether as a result of a Tax Event or otherwise), subject to the Security Trustee's confirmation that this will not adversely affect the then current ratings of the Notes. The costs (including the costs of the Issuer) of any such transfer are for the account of the Swap Counterparty.

Pursuant to the Swap Agreement, the Swap Counterparty shall notify in writing the Issuer and the Security Trustee within ten (10) Business Days after receipt of any Margin Reset Request whether it approves the related Margin Reset and any Margin Reset Swap Amendment (including any amendments which the Swap Counterparty reasonably requests). In the Swap Agreement, the Issuer, the Security Trustee and the Swap Counterparty shall take all reasonable actions to ensure that the relevant Margin Reset Swap Amendments are in force and effect as from the Quarterly Payment Date on which the Margin Reset is requested to become effective.

The Swap Agreement will be documented under a 1992 ISDA Master Agreement (*Multicurrency-Crossborder*) and be governed by English law.

See further the paragraph *Subordinated Swap Amounts* in this section below.

*Downgrade of the Swap Counterparty by Moody's*

- (i) If, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A2 by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-1 by Moody's (such ratings together the "**Moody's Required Ratings I**"), then the Swap Counterparty will at its own cost:

- (A) transfer all of its rights and obligations with respect to the Swap Agreement to either a replacement third party with a rating at least as high as the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer; or
- (B) arrange an Eligible Guarantee (as defined in the Swap Agreement) in respect of its obligations under the Swap Agreement; or
- (C) at its own cost within thirty (30) days of the occurrence of such downgrade, deliver collateral pursuant to a credit support annex to the Swap Agreement on the basis of credit support documentation published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") entered into between the Swap Counterparty, the Security Trustee and the Issuer on or before the Closing Date (the "**Credit Support Annex**").

If any of (i)(A) or (i)(B) are satisfied at any time or the debt obligations of the Swap Counterparty (or its successor) are rated as high as the Moody's Required Ratings I, all collateral transferred by the Swap Counterparty pursuant to (i)(C) will be retransferred (outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

- (ii) If, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A3 by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-2 by Moody's (such ratings together the "**Moody's Required Ratings II**"), then the Swap Counterparty will, within thirty (30) days of the occurrence of such downgrade, on a reasonable efforts basis and at its own cost attempt to:

- (A) transfer all of its rights and obligations with respect to the Swap Agreement to either a replacement third party with a rating at least as high as the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer; or
- (B) arrange an Eligible Guarantee (as defined in the Swap Agreement) in respect of its obligations under the Swap Agreement.

In the event that the Swap Counterparty is unable to comply with either (ii)(A) or (ii)(B) above within such thirty (30) day period then it will continue, on a best efforts basis, to attempt to comply with the same.

Pending compliance with (ii)(A) or (ii)(B) above, the Swap Counterparty will at its own cost:

- (C) within thirty (30) days of the occurrence of such downgrade, deliver collateral pursuant to the Credit Support Annex.

If any of (ii)(A) or (ii)(B) are satisfied at any time or the debt obligations of the Swap Counterparty (or its successor) are rated as high as the Moody's Required Ratings II, all collateral transferred by the Swap Counterparty pursuant to (ii)(C) will be retransferred

(outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

- (iii) If the Swap Counterparty does not take any of the measures described in (g)(i) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to the Swap Counterparty and an Early Termination Date (as defined in the Swap Agreement) shall be deemed to have occurred on the thirtieth day following such downgrade with the Swap Counterparty as the sole Affected Party (as defined in the Swap Agreement) and all Transactions shall be Affected Transactions (each as defined in the Swap Agreement).
- (iv) In the event that the Issuer were to designate an Early Termination Date (as defined in the Swap Agreement) pursuant to the Swap Agreement and there would be a payment due to the Swap Counterparty, the Issuer may only designate such an Early Termination Date (as defined in the Swap Agreement) if the Issuer has found a replacement counterparty willing to enter into a new transaction on terms that reflect as closely as is reasonably possible, as determined by the Issuer in its sole and absolute discretion, the economic, legal and credit terms of the Swap Transaction (as defined in the Swap Agreement) with the Swap Counterparty, and the Issuer has received the Security Trustee's prior written consent. The reasonable costs incurred by the Issuer arising directly from the Issuer finding or attempting to find such a replacement counterparty shall be paid by the Issuer.
- (v) The Issuer shall use, and shall procure that the Security Trustee shall use, its reasonable endeavours to co-operate with the Issuer in putting in place such credit support documentation, including agreeing to such arrangements in such documentation as may satisfy Moody's with respect to the operation and management of the collateral and entering into such documents as may reasonably be requested by the Swap Counterparty in connection with the provision of such collateral.

*Subordinated Swap Amounts*

Any amount due and payable by the Issuer to the Swap Counterparty under a Swap Agreement where:

- (a) the Defaulting Party (as defined in the Swap Agreement) is a Swap Counterparty under the Swap Agreement; and/or
- (b) an Additional Termination Event (as defined in the Swap Agreement) has occurred as a result of the downgrade or withdrawal of rating of the Swap Counterparty,

(any such amount payable by the Issuer, a "**Subordinated Swap Amount**") shall be payable at item (o) of the Interest Priority of Payments and item (l) of the Enforcement Priority of Payments.

## **COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.**

*The following information relates to and has been obtained from Rabobank. The delivery of this information shall not create any implication that there has been no change in the affairs of Rabobank since the date hereof, or that the information contained or referred to below is correct as of any time subsequent to its date.*

### **(A) General**

Rabobank Group was founded over a century ago and is one of the largest banking groups in The Netherlands and ranks in the top twenty five (25) banking institutions in the world in terms of Tier 1 capital. Rabobank Group is a cooperative banking organisation comprised of Rabobank (a cooperative entity licensed as a credit institution in The Netherlands), the Local Rabobanks and numerous specialised finance and other subsidiaries. In The Netherlands, the Rabobank Group follows an 'Allfinanz' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance leasing and real estate to a wide range of both individual and corporate customers. The Rabobank Group's wholesale activities and the international retail operations are carried out through Rabobank International. At 30 June 2007 the Rabobank Group operated in The Netherlands through 183 Local Rabobanks and 3,106 contact points and internationally through overseas offices in countries outside The Netherlands.

Since Rabobank first obtained its credit ratings, it has generally received for its senior unsecured long term debt an Aaa rating by Moody's Investors Service Limited (since 1981) and an AAA rating by Standard & Poor's (since 1981) and an AAA rating by DBRS Limited (since 2001).

At 30 June 2007 Rabobank had total assets of €591.7 billion, loans outstanding to private sector borrowers amounting to €343.9 billion (net of reserves for loan losses), group equity of €29.7 billion, funds entrusted of €229.8 billion and €96.2 billion in savings accounts.

### **(B) Capitalisation**

As a result of Rabobank's cooperative ownership structure, Local Rabobanks are not allowed to pay dividends, which benefit Rabobank Group's capital base. Rabobank retains all profits after net payments on Rabobank Member Certificates (*RMC's*) and Trust Preferred Securities II, III, IV, NZ, \$ Perpetual Non-Cumulative Capital Securities and U.S. \$ Perpetual Non-Cumulative Capital Securities (all of which are part of Rabobank Tier-1 regulatory capital). Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At 30 June 2007, Rabobank had a Tier 1 ratio of 10.2 per cent.

### **(C) Internal Liability (Cross-Guarantee System)**

Through their mutual financial association, various legal entities within the Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the FMSA. This relationship is formalised in an internal 'crossguarantee' system, which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order to enable it to fulfil those obligations. Participating entities within the Rabobank Group are:

- (1) Rabobank Nederland;
- (2) The local Rabobanks;
- (3) De Lage Landen International B.V.;
- (4) De Lage Landen Financiering B.V.;
- (5) De Lage Landen Trade Finance B.V.;
- (6) De Lage Landen Financial Services B.V.;
- (7) Schretlen & Co. N.V.;
- (8) Rabohypotheekbank N.V.; and
- (9) Raiffeisenhypotheekbank N.V.

The local Rabobanks are also parties to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

For regulatory and financial reporting purposes, Rabobank Nederland and the local Rabobanks, as well as the participating subsidiaries, are treated as one consolidated entity.

**(D) Financial Statements**

The annual reports and half-year reports of Rabobank are publicly available and can be viewed at [www.rabobank.com](http://www.rabobank.com).

**(E) Rabohypotheekbank N.V.**

In 1908, Coöperatieve Centrale Boerenleenbank B.A. founded N.V. Boerenhypotheekbank and in 1966, Raiffeisenbank B.A. founded Raiffeisenhypotheekbank N.V. In 1975, N.V. Boerenhypotheekbank and Raiffeisenhypotheekbank N.V. merged to Rabohypotheekbank and Coöperatieve Centrale Boerenleenbank B.A. and Raiffeisenbank B.A. merged to Rabobank. The majority of shares in Rabohypotheekbank are held by Local Rabobanks.

Rabohypotheekbank is a centralised mortgage unit within the Rabobank Group and its goal is amongst other things to support Local Rabobanks in providing mortgage loans to their clients. Local Rabobanks finance most of the mortgage loans via their own balance sheet. As an alternative, Local Rabobanks can transfer mortgage loans or parts of mortgage loans, which in each case are co-held by Rabohypotheekbank and the relevant Local Rabobank, to Rabohypotheekbank but only if certain pre-defined criteria are met. The main reasons for Local Rabobanks to transfer mortgage loans or parts of mortgage loans to Rabohypotheekbank (or to request Rabohypotheekbank to fund mortgage loans or parts of mortgage loans) are:

- (1) to take advantage of solvency and/or funding relief for Local Rabobanks;
- (2) to finance growth facilities of Local Rabobanks;
- (3) to take advantage of long fixed interest rates on mortgage loans; and



- (4) to finance mortgage loans to Borrowers employed by Rabobank and De Lage Landen International B.V. and their subsidiaries.

In addition, Rabohypotheekbank originates a limited amount of mortgage loans itself or through intermediaries.

Rabohypotheekbank is a licensed bank in The Netherlands. On behalf of DNB Rabobank is entrusted with the supervision of Rabohypotheekbank pursuant to the provisions of the FMSA.

## OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

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

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

Over recent years, outstanding mortgage loans have continued to increase on the back of rising house prices, a gradual increase in the levels of owner-occupation and an environment of low mortgage interest rates. Chart 1 below shows that the level of outstanding residential mortgage debt in The Netherlands reached EUR 543 billion at the end of the second quarter of 2007 (excluding mortgages on commercial property).

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

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

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

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

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

The relatively prolonged economic downturn of 2001 to 2005 led to a significant rise in the amount of mortgage payment arrears and correspondingly forced house sales (see Chart 5). The number of foreclosures in The Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to 967 in 2003, 1,504 in 2004, 1,911 in 2005 and 1,968 in 2006. During the first half of 2007 the number of forced sales amounted to 1,246 compared to 1,366 in the same period in 2006.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is obviously still extremely small compared to the total number of residential mortgage loans outstanding. There are no precise data of the number of residential mortgage loans outstanding in The Netherlands. However, based on the published total amount of residential mortgage debt outstanding and the current average mortgage loan amount it is estimated that the total number of residential mortgage loans outstanding in The Netherlands is exceeding 3 million.<sup>1</sup> A total of around 2000 foreclosures per year therefore corresponds with approximately 0.06 per cent. of the total number of residential mortgage loans outstanding.

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

However, the number of foreclosures (Chart 5) as a percentage of total house sales (Chart 2) still only amounts to 0.91 per cent. (end of September 2007). This is clearly too small a portion to be of any real impact on the development of house prices which has shown an average growth of 4.8 per cent. annually in 2006 (Chart 3), with the median house price now equalling €248,000 (Chart 4).<sup>2</sup> Furthermore, the Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates a negative effect on house prices.

The upward trend in the number of foreclosures appears to have peaked in the first quarter of 2006 (1980 forced sales over a 12 month period), which could be expected based on a parallel with the recession of the early eighties. During this period the number of foreclosures where the

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<sup>1</sup> Source: Rabobank.

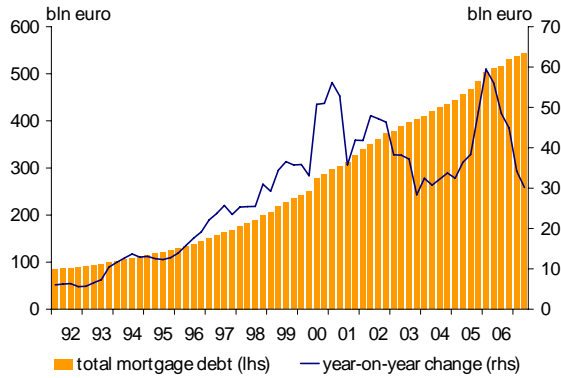
<sup>2</sup> Source: NVM.

auction proceeds were insufficient to pay off the remaining mortgage loan reached its highest level three years after the worst period of economic downturn and one year after unemployment peaked. The number of foreclosures is now expected to gradually fall as the economic and housing market climate improves further.

Chart 6 illustrates that the three main Dutch banking groups (Rabobank, ING and ABN AMRO) are responsible for originating a third of all mortgages in the domestic residential market (although this combined share shows a downward trend from around 53 per cent. in 2000 to around 34 per cent. in 2005). Specialist mortgage banks, insurance companies and pension funds follow the main banks in the volume of mortgage origination. The Dutch mortgage market is primarily dominated by domestic institutions although there is a small number of foreign banks who are trying to gain market share.

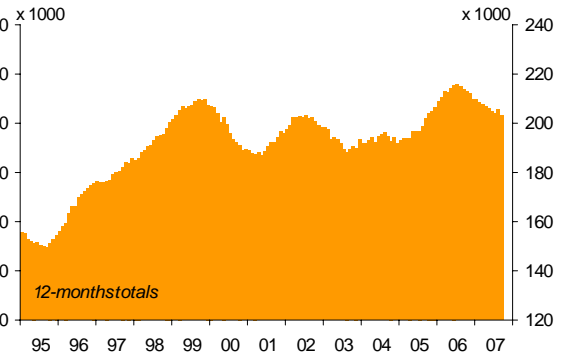
Most mortgage lenders have moved towards intermediaries (mortgage brokers, insurance brokers and real estate agents) for product distribution, which by most estimates now sell over half of all new mortgages in The Netherlands. Mortgage brokers are essentially intermediaries whose primary business is to offer products from a number of mortgage lenders. The change over time towards a market in which intermediaries sell most mortgages can be largely explained by the borrower's search for independent advice and the degree of flexibility offered by intermediaries.

**Chart 1: Total mortgage debt**



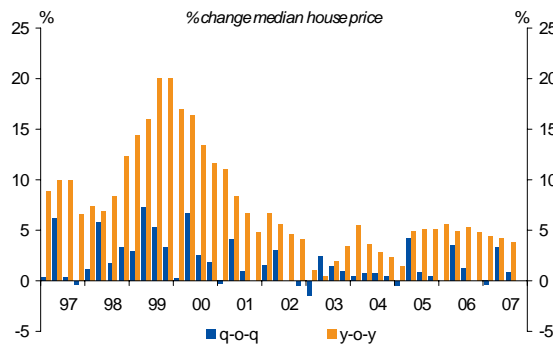
Source: DNB, Rabobank

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



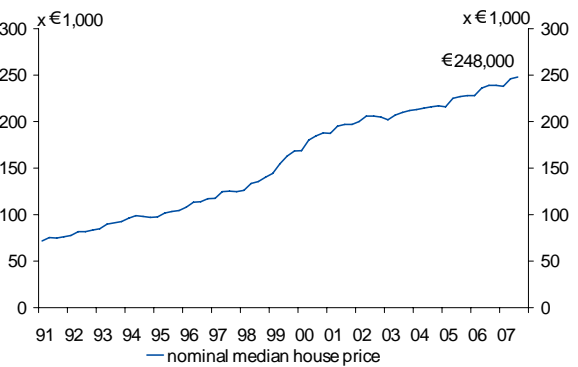
Source: Kadaster, Rabobank

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



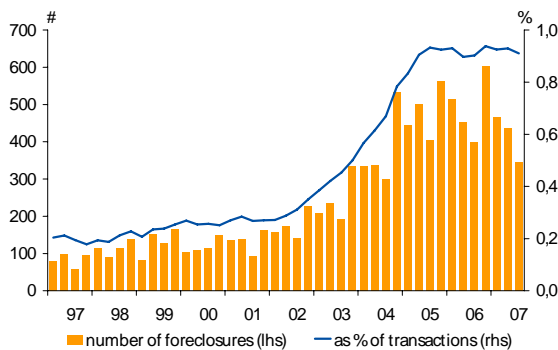
Source: NVM, Rabobank

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



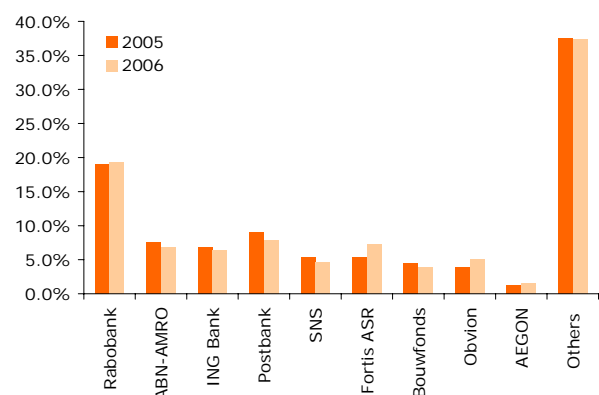
Source: NVM, Rabobank

**Chart 5: Number of foreclosures**



Source: Kadaster, Rabobank

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



Source: Kadaster, Rabobank

## **NHG GUARANTEE PROGRAMME**

### **NHG Guarantee**

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which the municipalities give, according to a set of defined criteria, municipality guarantees to banks who grant mortgage loans to certain lower income groups. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free mortgage loan to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 the WEW, is responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on a mortgage loan, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly repayments as if such mortgage loan were being prepaid on a thirty (30) year annuity basis. In respect of each NHG Portfolio Mortgage Loan, the NHG Guarantee reduces further to take account of scheduled repayments or prepayments under such mortgage loan (See further the section entitled *Risk Factors*).

### **Financing of the WEW**

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.40 per cent. of the principal amount of the mortgage loan (as of 1 January 2007). Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW, the other 50 per cent. of the difference. Both the keep well agreement (*achtervangovereenkomst*) between the Dutch State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or dissolution (*ontbinding*) of the WEW) to meet its obligations under guarantees issued.

### **Terms and conditions of the NHG Guarantees**

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the WEW to register the mortgage and establish the guarantee. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the relevant mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

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

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register (*Bureau Krediet Registratie*; "**BKR**"), a central credit agency used by all financial institutions in The Netherlands. All financial commitments over the past five (5) years that prospective borrowers have entered into with financial institutions are recorded in this register.

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

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

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

When a borrower is in arrears with payments under a mortgage loan for a period of 4 months, a lender informs the WEW in writing within thirty (30) days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. When the borrower is in arrears, the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of the WEW is required in case of a private sale unless the property is sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven (7) or more monthly instalments, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven (7) months.

Within three (3) months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, the WEW must make payment within

two (2) months. If the payment is late, provided the request is valid, the WEW must pay interest for the late payment period.

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

### **Additional loans**

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two (2) years, be used for, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The granting of such an additional loan is subject to certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner of the borrower.

### **Main NHG Underwriting Criteria (Normen) as of 2007**

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

- (i) The lender must perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
- (ii) As a valid source of income the following applies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probational period (*proeftijd*) a three (3) year history of income statements, for self employed three (3) year annual statements.
- (iii) The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The interest rate to be used is at least 6 per cent. for loans with a fixed interest rate period less than or equal to five (5) years and the actual interest rate for loans with a fixed interest rate period in excess of five (5) years.

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



- (i) The absolute maximum loan amount is EUR 265,000 (as of 1 January 2007). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - (a) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, and (iii) 12 per cent. of the amount under (i) and (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase price under (i) is multiplied by 93 per cent.
  - (b) For the purchase of properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost) and (ii) 8 per cent. of the amount under (i).
- (ii) The maximum loan amount that is interest only is 50 per cent. of the original value of the property.

#### **Municipality guarantee**

Municipality guarantees are no longer issued and have been replaced by the NHG Guarantee. The conditions to which the municipality guarantees are subject are broadly similar to those applying to NHG Guarantees.

## DESCRIPTION OF PORTFOLIO MORTGAGE LOANS AND MORTGAGE LOANS

The Portfolio Mortgage Loans have been selected according to the Mortgage Loan Criteria as set out in the Mortgage Receivables Purchase Agreement and have been selected in accordance with the same, on or before the Closing Date (see further the section entitled *Mortgage Receivables Purchase Agreement*). For a description of the representations and warranties given by the Seller, see further the section entitled *Mortgage Receivables Purchase Agreement*.

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan parts, the aggregate of such loan parts) are secured by (i) a first-ranking, or as the case may be a first and sequentially lower ranking Mortgage over (a) real estate (*onroerende zaak*), (b) an apartment right (*appartementsrecht*), or (c) a long lease (*erfpacht*), in each case situated in The Netherlands (each a "**Mortgaged Asset**" and collectively the "**Mortgaged Assets**") evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) entered into by the relevant Originator(s) (or their respective predecessors) and the Borrowers (the "**Mortgage Deeds**" and each a "**Mortgage Deed**") and/or (ii) a LB Surety or a Stichting Surety (as the case may be) and/or (iii) a Intra Bank Surety.

Although some of the Mortgage Deeds qualify as Fixed Mortgages, most of the Mortgage Deeds qualify as Bank Mortgages. See further the paragraph entitled *Bank Mortgages, Joint Security and Impact of Reorganisations on Security Structure* in the section entitled *Risk Factors*.

The numerical information set out below relates to the Portfolio Mortgage Loans as of 1 December 2007. After the Closing Date, the portfolio of Portfolio Mortgage Loans will change from time to time as a result of, *inter alia*, any repayment, prepayment, further advances, substitutions, replacements and repurchase of Mortgage Receivables.

### **Mortgage types**

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

- (a) Linear Mortgage Loans (*lineaire hypotheken*);
- (b) Annuity Mortgage Loans (*annuïteitenhypotheken*);
- (c) Interest-Only Mortgage Loans (*aflossingsvrije hypotheken*);
- (d) Savings Mortgage Loans (*spararhypotheken*);
- (e) OpMaat Mortgage Loans (*OpMaat hypotheken*);
- (f) Investment Mortgage Loans (*vermogenshypotheken*); and/or
- (g) Hybrid Mortgage Loans (*bancaire spaar-/beleggingshypotheken*).

Each Mortgage Loan will have the benefit of a risk insurance policy, which pays out upon the death of the insured and which is taken out by the Borrower with an insurance company established in The Netherlands (each such insurance company together with Interpolis (as Savings Insurance Company and Life Insurance Company) and the other Life Insurance Companies, the "**Insurance Companies**") in the event and to the extent the (i) relevant

Mortgage Loan (other than a Mortgage Loan in respect of which a NHG Guarantee is issued) exceeds 100 per cent. and (ii) the relevant Mortgage Loan in respect of which a NHG Guarantee is issued exceeds 80 per cent., of the foreclosure value (*executiewaarde*) of the relevant Mortgaged Assets (each a "**Risk Insurance Policy**"). The rights of the policyholder under a Risk Insurance Policy are pledged to the relevant Originator(s).

In addition, Interest-Only Mortgage Loans (other than Savings Mortgage Loans, OpMaat Mortgage Loans and Hybrid Mortgage Loans) will, pursuant to the applicable conditions, have the benefit of a life insurance policy (i.e. an insurance policy which pays out upon the earlier of the death of an insured and an agreed date) which is taken out by the Borrower with a life insurance company established in The Netherlands (a "**Life Insurance Company**") in the event and to the extent the relevant Interest-Only Mortgage Loan exceeds 100 per cent. of the foreclosure value (*executiewaarde*) of the relevant Mortgaged Assets (each a "**Life Insurance Policy**").

A Risk Insurance Policy will be included in the Life Insurance Policy taken out by the Borrower with the relevant Life Insurance Company or, if so selected by the Borrower (if permitted under the applicable conditions), each of such Risk Insurance Policy and Life Insurance Policy will be taken out by the Borrower with different Insurance Companies.

A Life Insurance Policy is a combined capital insurance policy and a risk insurance policy (unless and if permitted under the applicable conditions such risk insurance policy is at the Borrower's selection taken out by the Borrower with another Insurance Company) taken out by a Borrower with a Life Insurance Company in respect of an Interest-Only Mortgage Loan (other than a Savings Mortgage Loan, an OpMaat Mortgage Loan or a Hybrid Mortgage Loan) covering at least the excess over the 100 per cent. threshold. The Borrower pays a monthly premium to the Life Insurance Company, which consists of a capital insurance element and a risk insurance element if the Risk Insurance Policy is included in the Life Insurance Policy, or a capital insurance element only in case a Borrower has selected to enter into a separate Risk Insurance Policy. It is intended that the excess over the 100 per cent. threshold of such Interest-Only Mortgage Loan shall be repaid with the capital proceeds of a Life Insurance Policy. The rights of the policyholder under a Life Insurance Policy are pledged to the relevant Originator(s).

As at the Portfolio Cut-Off Date, 3 per cent. of the balance of the aggregate Interest-Only Mortgage Loans comprising Portfolio Mortgage Loans have the benefit of a Life Insurance Policy and out of these 54 per cent. have the benefit of a Life Insurance Policy which is taken out by the Borrowers with Interpolis.

If a Mortgage Loan consists of more than one loan part including a Savings Mortgage Loan or an OpMaat Mortgage Loan, a Risk Insurance Policy will be included in the relevant Savings Insurance Policy or OpMaat Insurance Policy.

Each of the above types of Mortgage Loans can be in the form of a Construction Mortgage Loan. All amounts are in EUR.

*Linear Mortgage Loans*

Linear Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower pays a fixed monthly amount of principal towards the repayment of the relevant Mortgage Loan (or the relevant part of it). The Borrower pays monthly interest on such Mortgage Loan which is calculated on the outstanding balance of such Mortgage Loan (or the relevant part of it).

#### *Annuity Mortgage Loans*

Annuity Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower pays a fixed monthly instalment consisting of an initially high rate of interest and a corresponding low rate of principal repayment. The monthly payment is adjusted over the length of the Annuity Mortgage Loan such that the interest element of the monthly instalment is reduced whilst the corresponding rate of principal repayment is increased. Monthly instalments are calculated such that the Annuity Mortgage Loan will be fully repaid on its maturity.

#### *Interest-Only Mortgage Loans*

Interest-Only Mortgage Loans are Mortgage Loans (or loan parts of such Mortgage Loans) under which a Borrower does not pay any principal amounts towards the repayment of the relevant Mortgage Loan (or the relevant part of it). Certain Interest-Only Mortgage Loans do not have a fixed maturity (although the General Mortgage Conditions may provide that a certain part of the Interest-Only Mortgage Loan will have to be repaid within a certain period of time). The Borrower pays monthly interest on such Mortgage Loan which is calculated on the outstanding balance of such Mortgage Loan (or the relevant part of it). Certain Interest-Only Mortgage Loans have, pursuant to the applicable General Mortgage Conditions, the benefit of a Life Insurance Policy. See further the paragraph entitled *Mortgage types* above.

A number of Interest-Only Mortgage Loans have been offered under different names (depending on specific features applying to such type of loan offered), including the names Cumulent hypotheek ("**Cumulent Mortgage Loan**") and Flexibele beleggingshypotheek ("**Flexible Investment Mortgage Loan**") or successors thereof. A Flexible Investment Mortgage Loan and a Cumulent Mortgage Loan are an Interest-Only Mortgage Loan combined with a Life Insurance Policy entered into with Interpolis (a "**Flexible Investment Insurance Policy**" and "**Cumulent Insurance Policy**", respectively). Under a Flexible Investment Mortgage Loan and Cumulent Mortgage Loan, the Borrower pays a monthly premium to Interpolis, which is invested in certain investment funds selected by the Borrower, or credited to a bank account held in the name of Interpolis with the relevant Originator. A Borrower may at any time switch its investments among investment funds and to and from the relevant savings account. It is intended that a Flexible Investment Mortgage Loan and Cumulent Mortgage Loan will be repaid in full or in part with the proceeds of the Flexible Investment Insurance Policy and Cumulent Insurance Policy, respectively.

Interest-Only Mortgage Loans also include green mortgage loans. Green mortgage loans are Interest-Only Mortgage Loans with a maximum maturity of 10 years and a maximum balance of €34,034. The Borrower is offered a discount on the interest payable if and when the Borrower delivers a so-called "**Green Statement**" (*groenverklaring*). The Ministry of Housing, Spatial Planning and Environment issues the Green Statement if the Borrower has met with some specific, environmental-friendly, building conditions.

### *Savings Mortgage Loans*

Savings Mortgage Loans are Interest-Only Mortgage Loans combined with a Savings Insurance Policy with the Savings Insurance Company. The Savings Mortgage Loans are offered under the name of SpaarOptimaal Hypotheek and SpaarZeker Hypotheek or successors thereof.

A Savings Insurance Policy is a combined risk and capital insurance policy taken out by a Borrower with the Savings Insurance Company in respect of a Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower before the maturity of the Savings Mortgage Loan. Instead, the Borrower (being the insured party) pays a monthly premium to the Savings Insurance Company, which consists of a Savings Premium and a risk insurance element.

The value of a Savings Premium is calculated in such manner that (on an annuity basis) the proceeds of a Savings Insurance Policy payable by the Savings Insurance Company to the relevant Borrower is equal to the amount payable by that Borrower to the Seller under the Savings Mortgage Loan upon its maturity.

### *OpMaat Mortgage Loans*

OpMaat Mortgage Loans are Interest-Only Mortgage Loans combined with an OpMaat Insurance Policy with the Savings Insurance Company. The OpMaat Mortgage Loans are offered under the name of OpMaat Hypotheek or successors thereof.

An OpMaat Insurance Policy is a combined risk and capital insurance policy taken out by a Borrower with the Savings Insurance Company in respect of an OpMaat Mortgage Loan. Under an OpMaat Mortgage Loan no principal is paid by the Borrower before the maturity of the OpMaat Mortgage Loan. Instead, the Borrower (being the insured party) pays a monthly premium, which is either invested in one or more Investment Funds, or (ii) deposited into a Savings Account. A Borrower may at any time switch its investments among the Investment Funds and to and from the Savings Account.

It is intended that an OpMaat Mortgage Loan will be repaid in full or in part with the proceeds of an OpMaat Insurance Policy.

### *Investment Mortgages Loans*

Investment Mortgages Loans are Interest-Only Mortgage Loans with no fixed maturity under which a Borrower does not pay any principal amounts towards the repayment of the relevant Mortgage Loans (or the relevant part of it) with the exception of any amounts in excess of 100% of the foreclosure value of the Mortgaged Assets, which the Borrower must repay within 20 years of the origination of the Investment Mortgage Loan. The Investment Mortgage Loans are offered under the name of Vermogenshypotheek or successors thereof.

A Investment Mortgage Loan consists of an Interest-Only Mortgage Loan, and investments in securities, investment funds and/or a savings product, and if the Investment Mortgage Loan exceeds 100% of the foreclosure value of the Mortgaged Assets, a Life Insurance Policy. The investments are held in the name of the Borrower.

There is no requirement that the Investment Mortgages Loan will be prepaid in full or part with the proceeds of the investments.

### *Hybrid Mortgage Loans*

Hybrid Mortgage Loans are Interest-Only Mortgage Loans combined with a Hybrid Savings Account into which payments (upfront and/or on a regular basis) by the Borrower are made. Such Hybrid Savings Account can be combined with a Hybrid Securities Account. The Hybrid Savings Account and any related Hybrid Securities Account are held in the name of the Borrower with the relevant Originator. A Borrower may choose to invest such payments by crediting (i) part of such payments to the Hybrid Savings Account and, through the Hybrid Savings Account, part of such payments to the related Hybrid Securities Account for investment in certain investment funds, (ii) all such payments to the Hybrid Savings Account, or (iii) through the Hybrid Saving Account, all such payments to the related Hybrid Securities Account for investment in certain investment funds.

Pursuant to, and in accordance with, the Hybrid Mortgage Loan, the Borrower may switch its investments from and to the Hybrid Savings Account and among the investment funds. Subject to certain conditions, the Borrower may make extra payments into the Hybrid Savings Account or related Hybrid Securities Account, and may only withdraw monies standing to the credit of the Hybrid Savings Account in certain circumstances.

It is intended that the Hybrid Mortgage Loan will be repaid in full or in part with the proceeds of the Hybrid Savings Account and any related Hybrid Securities Account. The interest to be paid on the Hybrid Savings Account (but not the related Hybrid Securities Account) is linked to the interest to be paid on the Hybrid Mortgage Loan.

A Hybrid Mortgage Loan contains product elements which are similar to those of an OpMaat Mortgage Loan other than that a Hybrid Mortgage Loan is not combined with a capital insurance product.

Mortgage Receivables relating to a Hybrid Mortgage Loan shall not form part of the initial portfolio of Portfolio Mortgage Loans for the reason that a Hybrid Mortgage Loan is not yet offered as a product by (or on behalf of) an Originator. If amendments would be made to any product element of a Hybrid Mortgage Loan, Mortgage Receivables relating to such Hybrid Mortgage Loan will, subject to any other relevant condition set out in the Mortgage Receivables Purchase Agreement, continue to be eligible for sale and assignment to the Issuer under the Mortgage Receivables Purchase Agreement, provided that such amendments do not materially change the product description of Hybrid Mortgage Loans set out above.

### **Interest types**

#### *Interest types*

The Mortgage Loans bear interest on the basis of any of the following alternatives:

- fixed rate, whereby the interest rates can be fixed for a specific period;
- floating rate, whereby the rate of interest can be based on the rate for Euribor plus a margin; and

any other type of interest alternatives offered by an Originator from time to time, including (a) "Rentebedenktijd" under which the interest rate is fixed for a specific period and whereby during the last two years of the fixed rate period the Borrower can renew the interest type; and (b) "Rentestabiel" under which the interest payable by Borrowers will only be adjusted if the market rate for the stable interest rate changes outside the bandwidth of 2% around the original agreed stable interest rate. The adjustment will be for a percentage equal to the difference between the 2% bandwidth and the market rate.

#### **No valuation of Mortgaged Assets for the purpose of the issuance of Notes**

No valuation of any Mortgaged Asset relating to a Portfolio Mortgage Loan has been or will be conducted for the sole purpose of the issuance of the Notes. See in this respect sub-paragraph (h) under the paragraph *Representations and warranties* in the section named *Mortgage Receivables Purchase Agreement*.

#### **Pool Characteristics**

A summary of key characteristics of Portfolio Mortgage Loans is set out below:

##### **(A) Key Characteristics**

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

	<b>Portfolio Mortgage Loans</b>
Outstanding principal balance	30,941,096,131
Outstanding savings balance	941,096,130
<b>Net outstanding principal balance</b>	<b>30,000,000,000</b>
Construction deposits	91,512,913
Number of mortgages	198,511
Number of loan parts	293,387
Weighted average loan balance	151,125
Weighted average loan to foreclosure value	83.8
Weighted average interest	4.7
Weighted average seasoning (years)	4.0

##### **(B) Pool Data**

#### **Table 1: Loan-to-Foreclosure Value Ratio**

*Distribution of loan-to-foreclosure value ratios of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date*

<b>Range (%)</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
0 < LTFV < 10	5,022	73,640,041	0%
10 < LTFV < 20	12,895	406,583,595	1%
20 < LTFV < 30	15,875	806,177,195	3%

30 < LTFV < 40	16,414	1,187,075,525	4%
40 < LTFV < 50	17,481	1,684,152,494	6%
50 < LTFV < 60	18,418	2,250,559,711	8%
60 < LTFV < 70	19,609	2,950,569,464	10%
70 < LTFV < 80	18,773	3,357,488,286	11%
80 < LTFV < 90	14,740	2,982,574,500	10%
90 < LTFV < 100	17,703	4,020,201,432	13%
100 < LTFV < 110	14,405	3,444,246,549	11%
110 < LTFV < 120	18,981	4,768,100,986	16%
120 < LTFV < 125	8,195	2,068,630,223	7%
<b>Total</b>	<b>198,511</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 2: Size of Portfolio Mortgage Loans**

*Distribution of loan size of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
0 < Loan size < 50,000	38,925	1,138,311,001	4%
50,000 < Loan size < 100,000	39,232	2,884,139,391	10%
100,000 < Loan size < 150,000	36,325	4,494,910,920	15%
150,000 < Loan size < 200,000	30,460	5,267,937,654	18%
200,000 < Loan size < 250,000	21,872	4,873,698,502	16%
250,000 < Loan size < 300,000	13,232	3,594,045,398	12%
300,000 < Loan size < 350,000	7,099	2,282,937,648	8%
350,000 < Loan size < 400,000	4,028	1,495,800,737	5%
400,000 < Loan size < 450,000	2,345	985,928,367	3%
450,000 < Loan size < 500,000	1,461	687,463,054	2%
500,000 < Loan size < 600,000	1,728	934,027,030	3%
600,000 < Loan size < 700,000	805	516,033,157	2%
700,000 < Loan size < 800,000	468	345,949,688	1%
800,000 < Loan size < 900,000	232	194,742,878	1%



900,000 < Loan size < 1,000,000	144	135,090,639	0%
1,000,000 < Loan size < 1,250,000	155	168,983,936	1%
<b>Total</b>	<b>198,511</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 3: Interest rate**

*Distribution of interest rates of the Portfolio Mortgage Loans (specified on the basis of loan parts) as of the Portfolio Cut-Off Date*

<b>Range (%)</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
Interest < 2.5	28	1,598,141	0%
2.5 < Interest < 3.0	374	30,289,479	0%
3.0 < Interest < 3.5	4,856	474,413,365	2%
3.5 < Interest < 4.0	30,034	3,386,736,261	11%
4.0 < Interest < 4.5	65,883	7,641,930,784	25%
4.5 < Interest < 5.0	96,359	9,957,759,028	33%
5.0 < Interest < 5.5	50,916	4,732,465,265	16%
5.5 < Interest < 6.0	22,380	1,993,561,892	7%
6.0 < Interest < 6.5	15,155	1,322,954,073	4%
6.5 < Interest < 7.0	5,615	383,691,326	1%
7.0 < Interest < 7.5	1,049	48,358,534	0%
7.5 < Interest < 8.0	535	19,050,560	0%
8.0 < Interest < 8.5	147	5,449,568	0%
Interest > 8.5	56	1,741,724	0%
<b>Total</b>	<b>293,387</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 4: Types of Portfolio Mortgage Loans**

*Distribution of types of mortgage loans of the Portfolio Mortgage Loans (specified on the basis of loan parts) as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
Annuity	6,124	225,837,116	1%
Interest Only	198,739	17,790,881,495	59%
Linear	5,175	220,139,874	1%
OpMaat	33,788	5,508,981,145	18%
Savings	49,561	6,254,160,370	21%
<b>Total</b>	<b>293,387</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 5: NHG Guarantee**

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

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
NHG guaranteed	6,175	575,487,663	2%
No guarantee	287,212	29,424,512,337	98%
<b>Total</b>	<b>293,387</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 6: Seasoning**

*Distribution of the origination date of the Portfolio Mortgage Loans (specified on the basis of loan parts) as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
1992	2,325	77,871,128	0%
1993	4,105	146,378,879	0%
1994	5,852	239,344,488	1%
1995	5,656	227,421,170	1%
1996	8,328	388,734,233	1%
1997	10,501	596,611,344	2%
1998	15,119	988,799,875	3%
1999	20,487	1,560,253,444	5%
2000	14,089	1,208,859,962	4%
2001	15,049	1,579,830,162	5%
2002	17,447	1,995,255,411	7%
2003	25,280	3,048,807,099	10%
2004	30,277	3,592,653,531	12%
2005	44,547	5,036,702,721	17%
2006	48,067	6,138,717,371	20%
2007	26,258	3,173,759,184	11%
<b>Total</b>	<b>293,387</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 7: Types of property**

*Distribution of property types of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
Condominium	21,111	2,849,079,410	9%
House	171,919	26,415,288,853	88%
House / Shop combination	829	98,480,349	0%
Other	1,554	116,459,772	0%
Residential Farm House	3,098	520,691,617	2%
<b>Total</b>	<b>198,511</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 8: Geographical distribution**

*Geographical distribution of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
Drenthe	1,559	192,766,913	1%
Flevoland	2,428	329,531,566	1%
Friesland	7,026	812,396,702	3%
Gelderland	27,089	3,934,433,870	13%
Groningen	3,792	397,321,457	1%
Limburg	13,900	1,696,689,884	6%
Noord-Brabant	46,281	7,388,701,468	25%
Noord-Holland	22,251	3,699,102,467	12%
Overijssel	21,101	2,769,670,116	9%
Utrecht	9,808	1,810,757,802	6%
Zeeland	7,446	837,876,152	3%
Zuid-Holland	24,468	3,867,817,757	13%
Unspecified <sup>3</sup>	11,362	2,262,933,847	8%
<b>Total</b>	<b>198,511</b>	<b>30,000,000,000</b>	<b>100%</b>

**Table 9: Legal maturity**

*Distribution of the legal maturity of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date*

<b>Range</b>	<b>Number of loans</b>	<b>Net loan</b>	<b>Proportion of pool</b>
2007 < Year < 2012	5,514	238,899,092	1%
2012 < Year < 2017	10,476	564,569,526	2%
2017 < Year < 2022	16,010	997,206,590	3%
2022 < Year < 2027	25,718	1,799,948,653	6%
2027 < Year < 2032	27,710	2,483,301,292	8%
2032 < Year < 2037	26,434	2,472,298,685	8%
2037 < Year < 2042	27,785	2,727,602,508	9%
2042 < Year < 2047	33,993	3,705,628,875	12%
2047 < Year < 2052	41,374	4,852,915,562	16%
2052 < Year < 2057	39,453	4,987,867,630	17%
2057 < Year < 2062	26,497	3,585,938,469	12%
2062 < Year < 2067	10,158	1,411,182,189	5%
Year > 2067	2,265	172,640,930	1%
<b>Total</b>	<b>293,387</b>	<b>30,000,000,000</b>	<b>100%</b>

<sup>3</sup> Due to technical reasons concerning the administration of the loans, some geographical information cannot be provided (e.g. some loans are granted in relation to newly developed property).

## **MORTGAGE LOAN UNDERWRITING AND SERVICING**

This section gives an overview of the mortgage process, from origination and underwriting through Local Rabobanks and RHB and the servicing, arrears and default management by Rabobank through Local Rabobanks and its Service Centrum Financierien ("SCF").

### **(A) General**

#### *Local Rabobanks and RHB*

Local Rabobanks are responsible for the relationship with Borrowers and initiate the mortgage loan origination, offering and underwriting process. After the mortgage loan offer by a Local Rabobank has been accepted by the Borrower, the Local Rabobank can decide to fund a mortgage loan on its own balance sheet or on the balance sheet of RHB.

#### *Service Centrum Financierien*

SCF is the centralised servicer for mortgage loans of Local Rabobanks and RHB. Local Rabobanks can elect to outsource the processing, servicing, arrears and default management of mortgage loans to SCF. Except for three Local Rabobanks, all mortgage loans funded by Local Rabobanks are settled by SCF and approximately 50% of the Local Rabobanks have outsourced the servicing, arrears and default management of mortgage loans to SCF. RHB uses SCF for the processing, servicing, arrears and default management for all its mortgage loans. Arrangements between Local Rabobanks, RHB and SCF are made in a service level agreement.

Processing, settlement, servicing, arrears and default management with regard to mortgage loans funded by Local Rabobanks and RHB are conducted under the same criteria and procedures, whether performed by a Local Rabobank or by SCF.

The following paragraphs of this section give an overview of the processing, settlement, servicing, arrears and default management of mortgage loans by SCF when a mortgage loan is funded by a Local Rabobank.

### **(B) Mortgage loan origination and underwriting**

The Local Rabobanks initiate the mortgage loan origination, offering and underwriting process. The Local Rabobanks enter information about the Borrowers into the mortgage information system HTC, which performs checks on the underwriting criteria or the criteria applying to NHG Guarantees, if applicable, automatically. After approval by the relevant Local Rabobank(s), HTC will generate a mortgage offer. The Borrower has to accept and return the signed mortgage offer to the relevant Local Rabobank within two weeks. After the mortgage offer has been accepted by the Borrower and the relevant Local Rabobank, the mortgage offer is valid for a period of up to twelve months subject to an interest rate risk fee of 0.25% of the loan amount per month if the interest rate risk increases after the 3rd month and to satisfactory documentation (as described below). After all documents have been received and approved, the Local Rabobank(s) sends all information electronically to SCF using the mortgage information system HTC. Subsequently, SCF informs the civil law notary. See further the paragraph entitled *Mortgage information systems* below.

The civil law notary confirms to SCF (by fax, telephone or electronically) the transfer date of the property. Thereafter, SCF informs the relevant Local Rabobank in respect of the execution date of the mortgage deed and sends all relevant documents to the civil law notary and copies to the Borrower. The *AWS workflow system* alerts SCF that it should transfer the relevant loan amount by debiting the account of the relevant Local Rabobank to a separate account of the civil law notary. After the transaction is finalised, the civil law notary sends all signed documents (e.g., the mortgage deed) to SCF. SCF completes and checks the mortgage loan data. Thereafter the mortgage loan data is fed into the loan and security information systems using HTC. Furthermore, all original documents held at SCF are scanned into an electronic file (DIS) and subsequently sent back to the Local Rabobank for storage. In case of mortgage loans with a NHG Guarantee the WEW is subsequently informed. Similar information requirements apply in respect of mortgage loans having the benefit of a guarantee from a Dutch municipality.

The process as mentioned above applies to mortgage loans that are offered on the base of new collateral. When a mortgage loan is offered on the base of existing collateral, the process is the same up to the point when SCF receives the information from the Local Rabobank. However, the civil law notary is not involved in this case. SCF sets up the private deeds and sends them to the client. When these deeds are received by SCF after they have been signed by the client, the loan amount is transferred and the private deeds will be sent to the Local Rabobank for storage.

#### **(C) Application of Savings Mortgage Loans and OpMaat Mortgage Loans**

If an application for a Savings Mortgage Loan or an OpMaat Mortgage Loan is made by the Borrower, the relevant Local Rabobank generates an insurance proposal, on behalf of Interpolis, in addition to the mortgage offer. This insurance proposal is generated using the mortgage information system HTC which connects Local Rabobanks and Interpolis. It is a requirement of the Savings Mortgage Loan and the OpMaat Mortgage Loan that Interpolis accepts the Borrower as an insured person. If the Borrower does not meet the requirement and therefore is not accepted by Interpolis as an insured person, the Local Rabobank(s) will not accept the application for a Savings Mortgage Loan or an OpMaat Mortgage Loan. In addition, in certain cases, a medical review is required.

#### **(D) Underwriting criteria**

Rabobank Nederland has given Local Rabobanks a conditional permission through the *Algemene Goedkeurings Regeling Particulieren (AGRP)* to provide mortgage loans. Furthermore, Local Rabobanks are committed to regulations and advices which apply to their services to clients. These underwriting criteria are incorporated in the mortgage information system HTC. The most important criteria are set out below:

##### *Mortgaged Asset requirements*

The Mortgaged Assets must meet the following requirements:

- the Mortgage Loan must be secured on a property which is fully owned by the Borrower;
- the maximum amount of the Mortgage Loan is 125% of the foreclosure value of the Mortgaged Asset;

- a pledged Risk Insurance Policy covering the death of a Borrower whose income is essential for obtaining the financing, is required for the period in which the Mortgage Loans exceeds 100% of the foreclosure value of the Mortgaged Asset. Within a Mortgage Loan the excess of a loan above 100% of the foreclosure value needs to be repaid or covered via a life insurance policy within 20 years after origination.
- for Mortgage Loans with an NHG Guarantee, a pledged Risk Insurance Policy is required for the Borrower whose income is essential for obtaining the financing for the period in which the Mortgage Loan exceeds 80% of the value of the Mortgaged Asset;
- for Mortgage Loans having the benefit of a NHG Guarantee, the interest-only part thereof may not exceed 50% of the value of the Mortgaged Asset; and
- the foreclosure value of the Mortgaged Asset must be based on the assessment by an independent qualified valuer (which valuer can also be a person employed by, or an entity forming part of, the Rabobank Group) or by the value as determined by the Act on Valuation of Real Estate (*Wet Waardering Onroerende Zaken: "WOZ"*).

The above requirements which apply to Mortgage Loans having the benefit of a NHG Guarantee are broadly similar to the requirements which apply to Mortgage Loans having the benefit of a guarantee from a Dutch municipality.

#### *Borrower requirements*

The Borrower must be a natural person of at least 18 years old. The Mortgage Loan can be applied for by one or more co-Borrowers who are each fully liable for the total financing. Before the Mortgage Loan is provided the Local Rabobank assesses the creditworthiness of the Borrower (and co-Borrower). Herewith the following factors play an important role.

The Borrower's income must be of a steady nature (gross wage or salary, 13th month, holiday allowance and other structural emoluments are considered). To determine the income of a Borrower who is self-employed, the Borrower must provide an income statement to the relevant relationship manager.

The maximum loan capacity is calculated according to a solid relation between income and expenses. The base is the interbank agreement in the Netherlands code of conduct (*Gedragcode Hypothecaire Financieringen*). The calculation of the maximum loan capacity is based on the expenses of a 30-year annuity and a test rate. The test rate is used in cases when the interest period is shorter than 10 years and it is used to protect clients. The test rate is equal to the return of a 10-year government bond increased with 100 basis points (1%). The norm ratio for allowed expenses varies between 21% for the lowest income category (< € 17,500) and 38% for the highest income category (> € 99,000). These norm ratios are also based on the Netherlands code of conduct (*Gedragcode Hypothecaire Financieringen*) and in line with the levels of the National Mortgage Guarantee system (NHG). For mortgage loans having the benefit of a NHG Guarantee the maximum mortgage loan amount is equal to the sum of the purchase price plus several costs, but never more than a maximum established by the WEW on a yearly basis (2007: € 265,000).

Furthermore, the Borrower must have a sound credit history. A verification of the Borrower and/or co-Borrower(s) credit history is always carried out through the National Credit Register

(*Bureau Krediet Registratie (BKR)*). If the BKR database indicates that the Borrower and/or co-Borrower are or have been in arrears on any financial obligations administered by BKR the mortgage loan will in principle not be approved. Additionally, the identity of the Borrower and/or co-Borrowers is checked through the identity verification system (*Verificatie Informatie Systeem (VIS)*) and a test on the fraud database EVA is conducted.

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

##### Valuation report

The Borrower needs to provide the Local Rabobank with a recent valuation report of the Mortgaged Asset. The Mortgaged Asset must be valued by an independent qualified expert not more than 60 months before the application or by the Dutch tax authorities on the basis of the WOZ. The valuer can be an employee of the Rabobank Group. In case of a valuation based on the WOZ value, the foreclosure value will be estimated at 90% of the WOZ value. No valuation report is required when the Mortgage Loan is secured on a newly built property.

##### Other documents

The Borrower must also provide the Local Rabobank with identification documentation, a recent salary slip, an employer's certificate, a copy of the sale contract or the combined purchase agreement and building contract. In the case of an application for a Savings Mortgage Loan or an OpMaat Mortgage Loan, a completed application form for the insurance policy and a medical certificate will also be required.

#### (E) **Mortgage information systems**

Rabobank uses several mortgage information systems that are developed and maintained in-house.

##### *Mortgage Information System: HYPO TAKE CARE (HTC)*

HTC is used by Local Rabobanks to generate a mortgage offer after a relevant Local Rabobank has entered all required Borrower information into the system. HTC automatically checks the underwriting criteria before generating a mortgage offer. SCF uses HTC for the processing of a mortgage application.

##### *Workflow systems: AWS and CWS*

Mortgage loan processing and servicing is monitored by the AWS and CWS workflow system respectively. These systems provide an overview of all necessary operations of SCF on a daily basis.

##### *Loan and security systems (CPS-leningen and CPS-zekerheden)*

All mortgage loan information and security information is stored in the CPS-loan and CPS-security system respectively. This is a centralised system within Rabobank. All Local Rabobanks and Rabohypotheekbank have access to this system. The mortgage loan information is automatically transferred from HTC to CPS. All changes that pertain to an active loan are also made in this system.

## *Communication with the civil law notary and Interpolis*

### Civil law notary

The electronic system ECH is developed by Rabobank in conjunction with the '*Koninklijke Notariële Beroepsorganisatie*', the professional organisation for civil law notaries in The Netherlands, and is designed for electronic communication between Rabobank and the civil law notary.

### HTC

The mortgage information system HTC connects Interpolis with the Local Rabobanks. HTC can be used by Local Rabobanks to produce an insurance proposal to the Borrower on behalf of Interpolis.

### **(F) Mortgage loan servicing, arrears and default management**

SCF provides services whenever the Local Rabobank gives an instruction (e.g. changing the interest type or account information). Local Rabobanks (in consultation with Rabobank) determine in their finance policy how often they will hold periodically conversations with clients during the maturity of the mortgage loan. A periodically conversation can for example serve to give the client an advice in choosing a new interest period and/or to make sure the mortgage loan still matches the client's wishes.

Payments by the Borrowers on the mortgage loans are collected by means of direct debit with interest and principal being payable in arrears. Savings premiums are collected in advance. Borrowers with a bank account at a Local Rabobank (95%) are debited on the 1st day of each month and Borrowers with a bank account at a third party bank (5%) are debited around the 26th day of the previous month.

If, after monthly processing, the CPS loan system identifies Borrowers that have failed to pay the amounts due, CPS automatically generates a reminder after 9 days of non-payment. The first demand letter (*sommatiebrief*) is generated after 19 days of non-payment. The second and final demand letter is automatically sent to the Borrower after 49 days of non-payment. The relevant Local Rabobank receives copies of all correspondence and can contact the Borrower any time in order to establish a payment settlement.

If the second demand letter does not result in payment of the amounts due then, after 60 days of non-payment, the mortgage loan is transferred to the special asset management department of SCF. The special asset management department will first contact the relevant Local Rabobank(s) and subsequently the Borrower to establish a payment settlement, which must be reached within 6 months of non-payments of any amounts due. BKR is notified by SCF after 120 days in arrears.

The foreclosure process of the Mortgage Loan is started by sending the foreclosure letter to demand repayment of the loan (including all amounts of principal, interest, arrears, penalties and other costs incurred) after 6 months of non-payment. A copy of the foreclosure letter is sent to the relevant Local Rabobank(s). Thereafter, the Borrower has fourteen days to contact SCF to reach an agreement.



If the Borrower does not react or no payment settlement is reached within fourteen days a civil law notary will be instructed to prepare the auction of the property and any other collateral (including, but not limited to, the rights of any pledge granted by the Borrower). The minimum purchase price of the property is determined by SCF through consultation with a specialised entity within Rabobank (Bodemgoed B.V.).

Prior to the auction of the property, the civil law notary places an auction advertisement inviting parties to make a bid. If no acceptable bid is received in response to the auction advertisement, further public auction proceedings are started. The mortgaged property will subsequently be sold in a public auction within approximately three months after the civil law notary is instructed (approximately one year after the first arrear). Rabobank is represented at the auction through Bodemgoed B.V. to ensure that the property will be sold for at least the minimum purchase price. If the minimum purchase price is not realised, Rabobank or an entity appointed by Rabobank might buy the property for subsequent sale.

Mortgage loan servicing, arrears and default management for mortgage loans having the benefit of a NHG Guarantee or a guarantee from a Dutch municipality is conducted in accordance with the relevant terms and conditions applying to the NHG Guarantee or guarantee from the relevant Dutch municipality (as the case may be).

At some points in the abovementioned process SCF contacts the relevant Local Rabobank for consultation and/or agreement:

- before sending the foreclosure letter to the client;
- before instructing the civil law notary to prepare the auction of the property;
- when determining the minimum purchase price of the property; and/or
- when deciding whether to recover the remaining outstanding debt.

*Actions and timeline*

Typical timeline:	
Day 0:	Non-payment of the Borrower
Day 9:	Reminder Borrower (automatically)
Day 19:	1st demand letter (automatically)
Day 49:	2nd demand letter (automatically)
Day 60:	Mortgage loan to special asset management
Day <sup>1</sup> 60-210:	Settlements, action at least on a monthly basis
Day <sup>1</sup> 120:	BKR registration
Day <sup>1</sup> 210-240:	Foreclosure letter
Day <sup>1</sup> 220-250:	Settlement or demand repayment
Day <sup>1</sup> 220-250:	Instruction for auction to civil law notary
Day <sup>1</sup> 60-330:	Private sale (if possible)
Day 316	Bodemgoed B.V. to establish minimum purchase price
Day <sup>1</sup> 330+:	Auction
After auction	Collection of residual debt (up to 10 years)

<sup>1</sup>indicative timing, determined on a case-by-case basis

At any time during the arrears management period, SCF can reach a payment settlement with the Borrower. The first option is that the Borrower pays the entire amount in a lump sum. The second option is that a repayment schedule is agreed with the Borrower. The aim is to minimise the repayment term while taking into account the Borrower's financial situation. The credit management specialists of SCF are responsible for the decisions regarding a repayment schedule.

**(G) Management of deficits after foreclosure**

When the property and other collateral have been foreclosed, the remaining outstanding debt, if any, is determined. The Borrower and/or co-Borrowers will remain liable for any outstanding debt. SCF will try to agree a payment settlement with the Borrower.

Unless a payment settlement has been agreed, a bailiff will be instructed to recover any remaining outstanding debt of the Borrower. One of the possibilities at the bailiff's disposal is the attachment of income. In The Netherlands, in addition to the attachment of current income, it is also possible to attach all future income of a natural person above the minimum subsistence level applicable to that person. In general, files are kept for ten years.

## MORTGAGE RECEIVABLES PURCHASE AGREEMENT

The Seller will acquire the Mortgage Receivables (including, to the extent legally possible, any Beneficiary Rights relating thereto) from the relevant Originators pursuant to the SSA in order to be able to offer the Mortgage Receivables (which for the avoidance of doubt include any Further Advance Receivables, Replacement Receivables and Substitute Receivables) for sale to the Issuer under the Mortgage Receivables Purchase Agreement.

In order to enable the Seller to acquire the Mortgage Receivables the Originators have authorised the Seller to effect a transfer (*juridische overdracht*) to the Seller of one or more Mortgage Receivables selected by the Seller. Pursuant to the SSA the Seller can also request a retransfer of Mortgage Receivables to the relevant Originator.

Each of RHB and the relevant Local Rabobank(s) have in the SSA granted its cooperation to, and any consent required for, any transfer of a Mortgage Receivable relating to a Joint Creditor Loan, and have taken all such actions as may be required to effectively transfer any such Mortgage Receivable to the Seller. In addition the SSA provides that, to the extent RHB or a Local Rabobank has any Payment Claim in respect of a Mortgage Receivable, such Payment Claim will be assigned to the Seller in accordance with the terms of the SSA.

Furthermore, the SSA contains certain arrangements with respect to the management and administration of joint security interests in the Mortgages and Borrower Pledges, which are co-held by the relevant Originators, and following the assignment of the Mortgage Receivables to the Seller and the subsequent assignment and pledge of the Mortgage Receivables to the Issuer and the Security Trustee, will be co-held by the relevant Originator(s), the Seller, the Issuer and the Security Trustee (as applicable). In case of Joint Creditor Loans entered into from time to time by the relevant Local Rabobank(s) with RHB as joint creditors, the related Mortgage Loan and the co-held security interests will, unless otherwise agreed, be subject to a Subordination Agreement pursuant to which any claim of such Local Rabobank under the relevant Mortgage Loan (or otherwise) shall be subordinated to any claim of RHB under such Mortgage Loan (or otherwise).

Under the Mortgage Receivables Purchase Agreement the Issuer will, on the Closing Date, purchase and accept from the Seller the assignment of the Mortgage Receivables (including, to the extent legally possible, any Beneficiary Rights relating thereto) by means of a deed of assignment, which Mortgage Receivables the Seller acquired from the relevant Originators under the SSA. The deed of assignment will be registered with the competent Dutch tax authorities as a result of which the Mortgage Receivables are transferred to the Issuer. The assignment of any Further Advance Receivables, Replacement Receivables and/or Substitute Receivables after the Closing Date will be effected through the registration of the relevant deed of assignment with the competent Dutch tax authorities. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of an Assignment Notification Event.

Before such notice is given the Borrowers can only discharge their payment obligations under the Mortgage Receivables (*bevrijdend betalen*) by paying to the relevant Originator or, if notification of the assignment of the Mortgage Receivables from the relevant Originator to the Seller is made to the Borrower pursuant to the terms of the SSA, the Seller unless an Assignment Notification Event has occurred and as a result of which notification is also made to

the Borrowers of the assignment of the Mortgage Receivables from the Seller to the Issuer, in which case the Borrowers can only discharge their payment obligations under the Mortgage Receivables by paying to the Issuer (or the Security Trustee (as the case may be)).

The Mortgage Receivables Purchase Agreement will be entered into by the Issuer, the Security Trustee and Rabobank (on behalf of itself as Seller and on behalf of the Originators). Under the Mortgage Receivables Purchase Agreement, the Seller may only sell and assign Mortgage Receivables relating to one or more Local Rabobank Mortgage Loan Parts if at the same time all Mortgage Receivables relating to any RHB Mortgage Loan Parts that are secured directly (or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) by the same Relevant Security as such Local Rabobank Mortgage Loan Parts and in respect of which a Subordination Agreement applies, are also sold and assigned to the Issuer.

Under the Mortgage Receivables Purchase Agreement, the Seller (on behalf of itself and the relevant Originator(s)) will agree with the Issuer and the Security Trustee that the Issuer and/or the Security Trustee (as applicable) will manage and administer any co-held security interests. See further the paragraphs entitled *Bank Mortgage*, *Joint Security* and *Security and other interests in Insurance Policies* in the section entitled Risk Factors.

The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following the Portfolio Cut-Off Date. The Seller will therefore undertake in the Mortgage Receivables Purchase Agreement that it will procure the transfer to the Issuer of an amount equal to any amounts received by the relevant Originator or it in respect of, or in connection with, the Mortgage Receivables.

### **Purchase Price of Mortgage Receivables**

The purchase price for the Mortgage Receivables will consist of:

- (a) an initial purchase price (the "**Initial Purchase Price**"), payable on the Closing Date, which will be equal to €30,941,096,131; and
- (b) a deferred purchase price (the "**Deferred Purchase Price**").

The Issuer will apply the net proceeds from the issue of the Notes (other than the Subordinated Class D Notes) towards payment of the Initial Purchase Price.

The Deferred Purchase Price will be equal to the sum of all deferred purchase price instalments and each such instalment will be equal to: (i) any amount remaining after all amounts due and payable in the Interest Priority of Payments under items (a) to (p) (inclusive) have been paid in full; (ii) any amount remaining after all amounts due and payable in the Principal Priority of Payments under items (a) up to and including (d) (inclusive); and (iii) after an Enforcement Notice has been served by the Security Trustee, any amount remaining after all amounts due and payable in the Enforcement Priority of Payments under item (a) to (m) (inclusive) have been paid in full (the "**Deferred Purchase Price Instalments**" and each a "**Deferred Purchase Price Instalment**").

See further the section entitled *Credit Structure* above.

### **Representations and warranties**

The Seller will represent, warrant and where appropriate, covenant on the Closing Date with respect to the Mortgage Loans (including, for the avoidance of doubt, the Unselected Mortgage Loan Parts unless such representation and warranty applies to Portfolio Mortgage Loans only) and the Mortgage Receivables that, *inter alia*:

- (a) the Mortgage Receivables are validly existing;
- (b) it has full right and title (*titel*) to the Mortgage Receivables, and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) it has power (*beschikkingsbevoegdheid*) to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any rights of pledge or other similar rights (*bepaalde rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
- (e) each Mortgage Loan is secured by either (i) in respect of Joint Creditor Loans, a first ranking mortgage right (*eerste recht van hypotheek*), co-held by RHB and one or more Local Rabobanks, or, in the case of Mortgage Loans secured on the same Mortgaged Asset, first and sequentially lower ranking mortgage rights, co-held by RHB and one or more Local Rabobanks, (ii) a first ranking mortgage right held by a Local Rabobank or RHB, as the case may be, or, in the case of Mortgage Loans secured on the same Mortgaged Asset first and sequentially lower ranking mortgage rights, (iii) in case of Sole Creditor LB Loans in respect of which a LB Surety, Stichting Surety or Intra Bank Surety (as the case may be) is issued in favour of the relevant Local Rabobank, a LB Surety, Stichting Surety or Intra Bank Surety (as the case may be), or (iv) in case of Joint Creditor Loans in respect of which a LB Surety, Stichting Surety or Intra Bank Surety (as the case may be) is issued in favour of a relevant Local Rabobank, a mortgage right co-held by RHB and one or more Local Rabobanks and with respect to the relevant Local Rabobank Mortgage Loan Parts, a LB Surety, Stichting Surety or Intra Bank Surety (as the case may be) issued in favour of the relevant Local Rabobank(s);
- (f) each Mortgage is granted by the relevant Borrower over real estate (*onroerende zaak*), an apartment right (*appartementenrecht*) or a long lease (*erfpacht*), as the case may be, situated in The Netherlands and governed by Netherlands law;
- (g) neither an Originator nor the Seller has entered into any agreements with a Borrower with a view to enabling or converting an existing mortgage or pledge right created by a Mortgage or a Borrower Pledge into a personal security right on behalf of an Originator or the Seller (as the case may be);
- (h) when application for the relevant Mortgage Loan was made, each Mortgaged Asset was either valued by (i) an independent qualified valuer or surveyor (which valuer can also be a person employed by, or an entity forming part of,

the Rabobank Group) not more than 60 months before the application of such Mortgage Loan was made, or (ii) the Dutch tax authorities on the basis of the WOZ, except that no valuation is required if the Mortgage Loan is secured by a Mortgage on newly built properties (other than constructions under the Borrower's own management (*onder eigen beheer*));

- (i) each Mortgage Receivable, and each Mortgage and Borrower Pledge, if any, securing such receivable, constitutes legal, valid, binding and enforceable obligations of the Borrower, subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
- (j) the Mortgages and Borrower Pledges (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, have been entered into the appropriate public register, (ii) have first priority, or are first and sequentially lower ranking mortgage rights and rights of pledge and (iii) were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when funded, increased with an amount in respect of interest, penalties and costs, up to an amount equal to 35 per cent. of such principal sum, therefore in total up to a maximum amount equal to 135 per cent. of at least the principal amount upon funding of the relevant Mortgage Receivables;
- (k) the particulars of each Mortgage Receivable (or part thereof) as set out in Schedule 2 to the Mortgage Receivables Purchase Agreement and the Annex to the relevant Deed of Assignment and Pledge (as defined in the Mortgage Receivables Purchase Agreement) are complete, true and accurate in all material respects;
- (l) each Mortgage Loan meets the Mortgage Loan Criteria applicable to it;
- (m) the Servicer only makes payments under a Construction Deposit to or on behalf of a Borrower after having received the relevant receipt(s) by the relevant Borrower relating to the construction and/or improvement of the Mortgaged Asset;
- (n) the Construction Deposits relating to each individual relevant Borrower do not exceed €100,000;
- (o) each of the Savings Mortgage Receivables has the benefit of a Savings Insurance Policy and either (i) the relevant Originator(s) has/have been validly appointed as beneficiary((ies) (*begunstigde(n)*) under such Savings Insurance Policies, upon the terms of the Savings Mortgage Loans and the Savings Insurance Policies, which appointments have been notified to the Savings Insurance Company, or (ii) the Savings Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivable;

- (p) each of the OpMaat Mortgage Receivables has the benefit of an OpMaat Insurance Policy and either (i) the relevant Originator(s) has/have been validly appointed as beneficiary(ies) (*begunstigde(n)*) under such OpMaat Insurance Policy, upon the terms of the OpMaat Mortgage Loans and the relevant OpMaat Insurance Policy, which appointment has been notified to the Savings Insurance Company or (ii) the Savings Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant OpMaat Mortgage Receivable;
- (q) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
- (r) the notarial mortgage deeds (*minuut*) relating to the Mortgage Loans are held by a civil law notary (*notaris*) in The Netherlands, while electronic and/or hard copies of such deeds and of the other mortgage documents are held by the Servicer and/or its sub-contractor (if any);
- (s) to the best of its knowledge, the Borrowers are not in any material breach of any provision of the Mortgage Loans;
- (t) each Mortgage Loan constitutes the entire loan funded by a Local Rabobank or RHB (as the case may be) in full or partially funded by each of RHB and one or more Local Rabobanks to the relevant Borrower that is secured directly (or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) by the same Mortgage or, as the case may be, by first and sequentially lower ranking mortgage rights on the same Mortgaged Asset, and each Local Rabobank Mortgage Loan Part and each RHB Mortgage Loan Part is fully funded by a Local Rabobank and RHB, respectively;
- (u) upon assignment of a Mortgage Receivable relating to one or more Local Rabobank Mortgage Loan Parts to the Issuer either (i) no RHB Mortgage Loan Parts are outstanding that are secured by the same Relevant Security as such Local Rabobank Mortgage Loan Part(s) (directly or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) and in respect of which a Subordination Agreement applies, or (ii) all Mortgage Receivables relating to any RHB Mortgage Loan Part that is secured by the same Relevant Security as such Local Rabobank Mortgage Loan Part(s) (directly or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) and in respect of which a Subordination Agreement applies, have been, or as the case may be, will at the same time be sold and assigned to the Issuer as such Mortgage Receivable;
- (v) with respect to each Mortgage Receivable resulting from a Savings Mortgage Loan to which a Savings Insurance Policy is connected, a valid right of pledge of the relevant Savings Insurance Policy has been created by the relevant Borrower in favour of the relevant Originator(s);
- (w) with respect to each Mortgage Receivable resulting from an Interest-Only Mortgage Loan to which a Life Insurance Policy is connected, a valid right of

pledge of the relevant Life Insurance Policy has been created by the relevant Borrower in favour of the relevant Originator(s);

- (x) with respect to each Mortgage Receivable resulting from an OpMaat Mortgage Loan to which an OpMaat Insurance Policy is connected, a valid right of pledge of the relevant OpMaat Insurance Policy has been created by the relevant Borrower in favour of the relevant Originator(s);
- (y) with respect to each Mortgage Receivable resulting from a Hybrid Mortgage Loan, a valid right of pledge of claims in respect of the Hybrid Savings Account and any related Hybrid Securities Account has been created by the relevant Borrower in favour of the relevant Originator(s);
- (z) the General Mortgage Conditions provide that each of the assets on which a Mortgage has been vested to secure a Mortgage Receivable should, at the time of origination of the Mortgage Loan, have the benefit of a buildings insurance (*opstalverzekering*) satisfactory to the relevant Originator(s);
- (aa) the General Mortgage Conditions applicable to a Mortgage Loan provide that the Mortgage Loan will become immediately due and payable (i) if the relevant Borrower deceases, or (ii) if the Insurance Policy or Risk Insurance Policy relating to the Mortgage Loan terminates;
- (bb) each Mortgage Loan is originated according to the Rabobank underwriting criteria (incorporated in the *Algemene Goedkeuringsregeling Particulieren* (AGRP) rules and advices) as applicable at the time of origination;
- (cc) (i) each NHG Portfolio Mortgage Loan has the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, as the case may be, (ii) each such NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, connected to the relevant NHG Portfolio Mortgage Loan is granted for the full amount of the relevant NHG Portfolio Mortgage Loan, and to the best of the Seller's knowledge and belief, constitutes legal, valid and binding obligations of the WEW, or the relevant Dutch municipality, as the case may be, enforceable in accordance with their terms, (iii) all terms and conditions applicable to the NHG Guarantee or the guarantee from the relevant Dutch municipality, as the case may be, were at the time of origination of each Portfolio Mortgage Loan that is purported to be a NHG Portfolio Mortgage Loan complied with, and (iv) the Seller is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, should not be met in full and in a timely manner; and
- (dd) the information in respect of the Portfolio Mortgage Loans that has been provided to Moody's on or before the Closing Date is accurate and complete at the time such information is provided.

### **Mortgage Loan Criteria**



Each of the Mortgage Loans (including, for the avoidance of doubt, the Unselected Mortgage Loan Parts) will meet the following criteria (the "**Mortgage Loan Criteria**"):

- (a) the Mortgage Loan includes one or more of the following loan types or successors thereof:
  - (1) a Linear Mortgage Loan (*lineaire hypotheek*);
  - (2) an Annuity Mortgage Loan (*annuïteiten hypotheek*);
  - (3) an Interest-Only Mortgage Loan (*aflossingsvrije hypotheek*);
  - (4) a Savings Mortgage Loan (*spaarhypotheek*);
  - (5) an OpMaat Mortgage Loan (*OpMaat hypotheek*);
  - (6) an Investment Mortgage Loan (*vermogenshypotheek*); and/or
  - (7) a Hybrid Mortgage Loan (*bancaire spaar-/beleggingshypotheek*).
- (b) at least two (2) interest payments have been made in respect of a Mortgage Loan prior to the Closing Date or, in the case of a Replacement Mortgage Loan or Substitute Mortgage Loan in respect of which a Replacement Receivable or Substitute Receivable is purchased after the Closing Date, the relevant Quarterly Payment Date on which such Mortgage Receivable is purchased;
- (c) the Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
- (d) the Mortgage Loan is either fully disbursed or, if qualifying as a Construction Mortgage Loan, such Construction Mortgage Loan does not have a related Construction Deposit exceeding € 100,000;
- (e) pursuant to the applicable General Mortgage Conditions, (i) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (ii) the Mortgaged Asset is for residential use only and has to be occupied by the relevant Borrower at and after the time of origination and (iii) no consent for residential letting of the Mortgaged Asset has been given by the relevant Originator;
- (f) interest payments on a Mortgage Loan are collected by means of direct debit from accounts held with Local Rabobanks or with a third party bank which does not form part of the Rabobank Group;
- (g) except for a Mortgage Loan having the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, 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 any Further Advance) did not exceed 125 per cent. of the foreclosure value (*executiewaarde*) 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 or funding of each such Mortgage Loan and Further Advance);

- (h) the aggregate principal sum outstanding under each Mortgage Loan, other than Mortgage Loans having the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, does not exceed € 2,500,000. The aggregate principal sum outstanding for Mortgage Loans having the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality does not exceed the maximum guaranteed amount as applicable pursuant to the conditions of such NHG Guarantee or guarantee from the relevant Dutch municipality at the time of origination thereof;
- (i) on the Portfolio Cut-Off Date, or in case of a Replacement Mortgage Loan, a Further Advance Mortgage Loan or Substitute Mortgage Loan, on the Quarterly Payment Date on which such Replacement Mortgage Loan, Further Advance Mortgage Loan or Substitute Mortgage Loan (as the case may be) is purchased, no amounts due under any of the Mortgage Loans were unpaid;
- (j) where compulsory under the applicable General Mortgage Conditions, the Mortgage Loan has a Risk Insurance Policy and/or Life Insurance Policy, Savings Insurance Policy or OpMaat Insurance Policy attached to it;
- (k) except for a Mortgage Loan having the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, in respect of a Mortgage Loan which includes a 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 Mortgage Loan part thereof, does not exceed 100 per cent. of the foreclosure value (*executiewaarde*) of the relevant Mortgaged Asset upon creation of the Mortgage Loan, or, if and to the extent exceeding 100 per cent. of the foreclosure value (*executiewaarde*) of the relevant Mortgaged Asset upon creation of the Mortgage Loan, the compulsory Life Insurance Policy connected to such Mortgage Loan is pledged in favour of the relevant Originator (in respect of a Sole Creditor Loan) or RHB and one or more Local Rabobanks (in respect of a Joint Creditor Loan) to secure at least the excess of the 100 per cent. threshold; and
- (l) the legal maturity of the Mortgage Loans, other than Interest-Only Mortgage Loans, does not exceed 2077.

### **Substitution Criteria**

The Issuer shall only purchase any Replacement Receivables, Further Advance Receivables or Substitute Receivables if sufficient funds are available for payment of the purchase price and each such relevant receivable complies with certain conditions, including, *inter alia*, the conditions that at the relevant date of completion of the sale and the purchase of the relevant receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the Mortgage Receivable Purchase Agreement relating to the Mortgage Loans, the Mortgage Receivables and the Seller;

- (b) the Seller will represent and warrant to the Issuer and the Security Trustee that no Assignment Notification Event has occurred and is continuing; and
- (c) the Seller will represent and warrant to the Issuer and the Security Trustee that the relevant Further Advance Mortgage Loan, the Replacement Mortgage Loan or the Substitute Mortgage Loan (as the case may be) meets the Mortgage Loan Criteria.

Additionally, each of the following criteria (collectively the "**Substitution Criteria**") applies in respect of an intended purchase of Further Advance Receivables, Replacement Receivables and Substitute Receivables:

- (a) not more than 2.25 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables relate to Mortgage Loans under which amounts are due and payable which have remained unpaid for a consecutive period exceeding sixty (60) days;
- (b) the aggregate of the Realised Losses incurred as from the Closing Date up to the relevant purchase date for the relevant Mortgage Receivables does not exceed 0.6 per cent. of the initial aggregate outstanding principal amount of the Mortgage Receivables at the Closing Date;
- (c) as a result of the purchase of the relevant Mortgage Receivables the aggregate outstanding principal amount of the Mortgage Receivables resulting from Interest-Only Mortgage Loans does not exceed 65.00 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables at that time;
- (d) 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;
- (e) as a result of the purchase of the relevant Mortgage Receivables the weighted average loan to foreclosure value of all Mortgage Loans does not exceed the weighted average loan to foreclosure value at the Closing Date plus 5.00 per cent.;
- (f) as a result of the purchase of the relevant Mortgage Receivables the percentage of Portfolio Mortgage Loans which are owed by Borrowers employed by the Rabobank Group, does not exceed 6.00 per cent.;
- (g) there is no debit balance on the Principal Deficiency Ledger;
- (h) as a result of the purchase of the relevant Mortgage Receivables the weighted average seasoning of all Portfolio Mortgage Loans is at least 45 months;
- (i) as a result of the purchase of the relevant Mortgage Receivables the percentage of Portfolio Mortgage Loans (other than Savings Mortgage Loans and OpMaat Mortgage Loans in respect of which OpMaat Premiums are paid under the connected OpMaat Insurance Policies which are deposited into the relevant Savings Account) which are connected to a Life Insurance Policy entered into with the Savings Insurance Company, does not exceed 40.00 per cent.; and
- (j) except for Eligible Investments which the Issuer (or the Account Bank on its behalf) has the option to invest in under and subject to the Account Bank Agreement, no amounts shall be drawn from the Reserve Account in the period from the Closing Date up to and

including the date on which the Reserve Account Target Level is reached, and after such date, the amounts standing to the credit of the Reserve Account shall at all times be not less than the Reserve Account Target Level.

### **Assignment Notification Events**

Each of the following events is an "**Assignment Notification Event**":

- (a) the Seller or any relevant Originator fails in any material respect to duly perform; or comply with, any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within ten (10) Business Days after notice thereof; or
- (b) any representation, warranty or statement made or deemed to be made by the Seller or any relevant Originator in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in relation to the Mortgage Loans and the Mortgage Receivables, or under any of the other Transaction Documents to which the Seller or any relevant Originator is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (c) the Seller or any relevant Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*), the Seller or any relevant Originator has become subject to special measures (*noodregeling*) or, if applicable, applies for or is granted a suspension of payments (*surseance van betaling*), the Seller or any relevant Originator applies for its bankruptcy or is declared bankrupt (*failliet verklaard*) or any steps have been taken for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) in case, the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller cease to be rated at least A3 by Moody's; or
- (e) it becomes unlawful for the Seller or any relevant Originator to perform all or a material part of its obligations under the Transaction Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or
- (f) the occurrence of a Pledge Notification Event.

If an Assignment Notification Event occurs, unless the Security Trustee instructs the Seller otherwise within ten (10) Business Days, the Seller undertakes to:

- (a) forthwith notify in the manner provided for in the Mortgage Receivables Purchase Agreement the relevant Borrowers and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables, and
- (b) make the appropriate entries in the relevant public registers (*Dienst van het Kadaster en de Openbare Registers*) with regard to the assignment of the Mortgage Receivables.

The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such notification and entry itself for which the Seller, to the extent required, will grant an irrevocable power of attorney to the Issuer and the Security Trustee in the Mortgage Receivables Purchase Agreement.

### **Repurchase of Mortgage Receivables**

Under the Mortgage Receivables Purchase Agreement the Seller will, at its own expense, repurchase and accept re-assignment of all (but not part only) of the relevant Mortgage Receivable:

- (a) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which the relevant remedy period (if any) expired, if any of the representations and warranties given by the Seller in respect of a Mortgage Loan and/or a Mortgage Receivable, including the representation and warranty that the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the relevant Mortgage Loan Criteria, are untrue or incorrect;
- (b) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which an Originator agreed with a Borrower (i) to grant, and granted, a Further Advance under the relevant Mortgage Loan; and/or (ii) to (otherwise) amend the terms of the Mortgage Loan, including any applicable General Mortgage Conditions, and, *inter alia*, as a result thereof such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, unless in the case of (ii) only, such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan (whereby it is agreed that if such Mortgage Loan is in arrears for at least ninety (90) days, the credit quality of the Borrower shall, in any event, be deemed to be deteriorated);
- (c) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which RHB agreed with a Borrower to grant any loan, advance or other form of credit (other than a Further Advance) secured by the same Relevant Security as the Portfolio Mortgage Loan to which such Mortgage Receivable relates, if and to the extent that such Portfolio Mortgage Loan and/or such Relevant Security is subject to a Subordination Agreement;
- (d) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which an Originator agreed with a Borrower to grant, and granted, a Further Advance under the relevant Mortgage Loan to which such Mortgage Receivable relates, if and to the extent that (i) the Further Advance Receivables and related Further Advance Mortgage Loans do not meet the applicable Substitution Criteria, (ii) the Seller has not acquired the Further Advance Receivables from that relevant Originator prior to or on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which an Originator agreed to grant, and granted, such Further Advance to the relevant Borrower in respect of such Mortgage Loan or (iii) the Issuer does not have

sufficient funds available for payment of the purchase price for such Further Advance Receivables;

- (e) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which, subject to the terms of the OpMaat Mortgage Loan, an OpMaat Switch became effective, if and to the extent that (i) at the time that such OpMaat Switch became effective the Substitution Criteria were not met in respect of the OpMaat Mortgage Receivable and OpMaat Mortgage Loan to which such OpMaat Switch relates (as if such OpMaat Mortgage Receivable to which such OpMaat Switch relates would have been purchased by the Issuer on the date on which such OpMaat Switch became effective), or (ii) the Issuer does not have sufficient funds available to pay an amount equal to the OpMaat Switch Amount to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement in respect of the relevant OpMaat Mortgage Receivable to which such OpMaat Switch relates;
- (f) on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which, subject to the terms of a relevant Hybrid Mortgage Loan, a Hybrid Switch by the Borrower of whole or part of the Hybrid Savings from the relevant Hybrid Savings Account to the relevant Hybrid Securities Account for investment in one or more investment funds, became effective, if and to the extent that (i) at the time that such Hybrid Switch became effective the Substitution Criteria were not met in respect of the Hybrid Mortgage Receivable and Hybrid Mortgage Loan to which such Hybrid Switch relates (as if such Hybrid Mortgage Receivable to which such Hybrid Switch relates would have been purchased by the Issuer on the date on which such Hybrid Switch became effective), or (ii) the Issuer does not have sufficient funds available to pay an amount equal to the Hybrid Switch Amount to the Savings Mortgage Participant pursuant to the Sub-Participation Agreement in respect of the relevant Hybrid Mortgage Receivable to which such Hybrid Switch relates;
- (g) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which it appeared that a NHG Portfolio Mortgage Loan no longer has the benefit of a NHG Guarantee or a guarantee from the relevant Dutch municipality, as the case may be, for the full amount of the NHG Portfolio Mortgage Loan as adjusted in accordance with the terms and conditions applying to the NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, as a result of an action taken or omitted to be taken by the Seller or the Servicer; or
- (h) on the Portfolio Payment Date following the immediately preceding Portfolio Calculation Period in which it appeared that the Seller, while it was entitled to make a claim under a NHG Guarantee or guarantee from the relevant Dutch municipality, as the case may be, in respect of a relevant NHG Portfolio Mortgage Loan, did not make such claim.

Any repurchase and re-assignment by the Seller of a Mortgage Receivable following the occurrence of a Receivable Repurchase Event described above under (a), (g) or (h) shall be for an amount equal to the principal amount outstanding of that Mortgage Receivable together with interest and any reasonable costs relating thereto (including any costs incurred by the Issuer in

effecting and completing such repurchase and re-assignment) accrued or incurred up to (but excluding) the date of repurchase and re-assignment of such Mortgage Receivable.

Any repurchase and re-assignment by the Seller of a Mortgage Receivable following the occurrence of a Receivable Repurchase Event described above under (b), (c), (d), (e) or (f) shall be for an amount equal to the Adjusted Repurchase Price.

If (i) the Seller is required to repurchase and accept the re-assignment of any Mortgage Receivable relating to any Selected RHB Mortgage Loan Part which has the benefit of a Subordination Agreement pursuant to any Receivable Repurchase Event and (ii) at the relevant date of repurchase and re-assignment one or more Selected Local Rabobank Mortgage Loan Parts are outstanding which are secured (directly or indirectly through a LB Surety, Stichting Surety or Intra Bank Surety) by the same Relevant Security as such relevant Mortgage Receivable and are subject to such Subordination Agreement, the Seller shall in accordance with the Mortgage Receivables Purchase Agreement, on such date of repurchase and re-assignment also repurchase and accept the re-assignment from the Issuer of all Related Repurchase Receivables (unless the Seller is already obliged to repurchase such Related Repurchase Receivables on such date of repurchase and re-assignment as a result of the occurrence of any Repurchase Event). Any repurchase and re-assignment by the Seller of a Related Repurchase Receivable shall be for an amount equal to the Adjusted Repurchase Price.

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

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to (but excluding) the Final Maturity Date, if, subject to the General Mortgage Conditions, the relevant Originator has agreed with a Borrower to fund, and funded, a Further Advance than, provided that, *inter alia*, the Further Advance Mortgage Receivables and the Further Advance Mortgage Loans meet the applicable Substitution Criteria and the Further Advance Mortgage Loans meet the Mortgage Loan Criteria, the Issuer will apply the Further Advance Receivable Available Amount to purchase and accept assignment of Further Advance Receivables resulting from such Further Advance from the Seller (to the extent offered by the Seller) on the next succeeding Quarterly Payment Date.

The purchase price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivable shall be equal to the aggregate principal amount outstanding of such Further Advance Receivable at the date of completion of the sale and purchase thereof on the next succeeding Quarterly Payment Date.

The Issuer will pursuant to the Mortgage Receivables Pledge Agreement, at the time the Issuer purchases and accepts assignment of the relevant Further Advance Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), create a first ranking right of pledge on such Further Advance Receivable in favour of the Security Trustee.

If, *inter alia*, (i) the Further Advance Receivables and Further Advance Mortgage Loans relating thereto do not meet the applicable Substitution Criteria, (ii) the Seller has not acquired the Further Advance Receivables from the relevant Originator prior to or on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which such Originator agreed to grant, and granted, such Further Advance to the relevant Borrower in respect of such Mortgage Loan or (iii) the Further Advance Available Receivable Amount is

insufficient to pay the purchase price of the Further Advance Receivable, the Seller shall repurchase and accept the re-assignment of all (but not part only) Mortgage Receivables under a Mortgage Loan to which such Further Advance relates, on the Portfolio Payment Date following the immediately preceding Notes Calculation Period in which such Originator agreed to fund, and funded, such Further Advance to the relevant Borrower in respect of such Mortgage Loan. See further the paragraph entitled *Repurchase of Mortgage Receivables* above.

#### **Purchase of Replacement Receivables**

The Issuer will on the Quarterly Payment Date immediately following the date of a repurchase of any Mortgage Receivables, apply the Replacement Available Amount to purchase and accept assignment from the Seller any Replacement Receivable subject to the fulfilment of certain conditions and to the extent offered by the Seller.

Such conditions include, *inter alia*, the requirement that the Replacement Receivables and the Replacement Mortgage Loans meet the applicable Substitution Criteria and the Replacement Mortgage Loans meet the Mortgage Loan Criteria.

The purchase price payable by the Issuer in respect of the purchase and assignment of any Replacement Receivable shall be equal to the aggregate principal amount outstanding of such Replacement Receivable at the date of completion of the sale and purchase thereof.

The Issuer will, pursuant to the Mortgage Receivables Pledge Agreement, at the time the Issuer purchases and accepts the assignment of the relevant Replacement Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), create a first ranking right of pledge on such Replacement Receivable in favour of the Security Trustee.

#### **Purchase of Substitute Receivables**

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on each Quarterly Payment Date apply the Substitute Receivable Available Amount to purchase and accept assignment from the Seller any Substitute Receivables to the extent that such Substitute Receivables are offered by the Seller and subject to the fulfilment of certain conditions which include, *inter alia*, the requirement that the Substitute Receivables and the Substitute Mortgage Loans meet the applicable Substitution Criteria and the Substitute Mortgage Loans meet the Mortgage Loan Criteria. If the Seller has not offered Substitute Receivables, or only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer, subject to the Restriction, may retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger.

The purchase price payable by the Issuer in respect of the purchase and assignment of any Substitute Receivable shall be equal to the aggregate principal amount outstanding of such Substitute Receivable at the date of completion of the sale and purchase thereof.

The Issuer will, pursuant to the Mortgage Receivables Pledge Agreement, at the time the Issuer purchases and accepts assignment of the relevant Substitute Receivable (including, to the extent legally possible, any Beneficiary Rights relating thereto), create a first ranking right of pledge on such Substitute Receivable in favour of the Security Trustee.



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

The Seller may, without the obligation to do so, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables (including but not limited to any Further Advance Receivables, Replacement Receivables or Substitute Receivables) then outstanding on each Quarterly Payment Date on which the aggregate outstanding principal amount under the Portfolio Mortgage Loans is less than 10 per cent. of the aggregate outstanding principal amount under the Portfolio Mortgage Loans forming part of the portfolio on the Closing Date. See further the section entitled *Transaction Parties and Transaction Description – Seller Clean-up Option*.

### **Regulatory Call Option**

The Seller may, without the obligation to do so, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables (including but not limited to any Further Advance Receivables, Replacement Receivables or Substitute Receivables) then outstanding on a Quarterly Payment Date if there has been a Regulatory Change *provided that* the Seller has notified the Issuer on a date that is at least one (1) calendar month before the Quarterly Payment Date on which it intends to exercise the Regulatory Call Option. See further the section entitled *Transaction Parties and Transaction Description – Regulatory Call Option*.

### **Sale of Mortgage Receivables upon request by Swap Counterparty**

If and when the Swap Counterparty has been informed that all Notes are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), the Swap Counterparty has the right to request the Issuer to use reasonable efforts to find a purchaser for all (but not some only) Mortgage Receivables sold and assigned to the Issuer at such time. The purchase price of the Mortgage Receivables should be sufficient to redeem all Notes except for the Subordinated D Notes in full.

## SERVICING AGREEMENT AND ISSUER ADMINISTRATION AGREEMENT

### Servicing Agreement

Under the Servicing Agreement, the Servicer will provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Portfolio Mortgage Loans, the implementation of arrears procedures including the enforcement of mortgage rights (see further the section entitled *Mortgage Loan Underwriting and Servicing*), and to provide information on the Sub-Participations (the "**Services**"). The Services can be divided into three (3) different types of services, namely services relating to: (i) performing Mortgage Loans, (ii) non-performing Mortgage Loans and (iii) any other general services. The Issuer will pay separate fees in respect of each of such Services.

The Servicer will be obliged to manage the Portfolio Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans and mortgage receivables in its own or, as the case may be, a relevant Originator's portfolio.

The Servicer will be permitted to sub-contract its servicing role to a third party servicer subject to the applicable conditions in the Servicing Agreement. The Servicer has covenanted that it shall only engage any sub-contractor with due observance of the applicable rules under the FMSA. It is expected that the Servicer shall initially sub-contract its servicing role in respect of a number of Local Rabobank Mortgage Loans and Local Rabobank Mortgage Loan Parts that are Portfolio Mortgage Loans to the relevant Local Rabobanks.

The Servicing Agreement may be terminated, *inter alia*, by the Issuer and the Servicer, acting jointly, upon the occurrence of certain termination events (which include certain failures by the Servicer to comply with its obligations under the Servicing Agreement and certain insolvency events), provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute servicer.

In addition, the Servicing Agreement may be terminated by the Servicer in respect of one or more Services upon the expiry of not less than six (6) months' notice of termination given to each of the Issuer and the Security Trustee or if a default is made by the Issuer in the payment on the due date of any payment due and payable by the Issuer to the Servicer in accordance with the terms of the Servicing Agreement, provided that, *inter alia*, a substitute servicer shall be appointed in respect of the relevant Services terminated on terms acceptable to Moody's, the effective date of such appointment shall be no earlier than the date of termination of the Servicing Agreement and the substitute servicer shall have experience in the servicing of mortgage loans and mortgages involving residential property in The Netherlands.

### Issuer Administration Agreement

Under the Issuer Administration Agreement, the Issuer Administrator will provide certain administration, calculation and cash management services to the Issuer, including:

- (a) crediting, debiting and generally managing all amounts on behalf of the Issuer in respect of the Accounts, the Liquidity Facility Stand-by Drawing Account and the Liquidity Facility Account;

- (b) calculating and paying to the relevant parties all amounts that are due and payable by the Issuer pursuant to the Transaction Documents;
- (c) establishing and maintaining all accounting records and ledgers required in respect of the provision of, amongst other things, the services in (a) and (b), above;
- (d) calculating on behalf of the Issuer all calculations required to be made by the Issuer pursuant to the Conditions;
- (e) undertaking all filings, give all notices, including, without limitation, any notices to be made in connection with the Notes, and making all registrations and other notification required to be given by the Issuer in respect of the day-to-day operation of the business of the Issuer; and
- (f) provide and perform any other additional services that may be agreed between the Issuer, Issuer Administrator and the Security Trustee, from time to time.

The Issuer Administrator will be permitted to sub-contract its administration, calculation and cash management role to a third party servicer subject to the applicable conditions in the Issuer Administration Agreement. It is expected that the Issuer Administrator shall initially sub-contract its administration, calculation and cash management role to ATC Financial Services B.V.

The Issuer Administration Agreement may be terminated, *inter alia*, by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events (which include certain failures by the Issuer Administrator to comply with its obligations under the Issuer Administration Agreement and certain insolvency events), provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute issuer administrator. In addition, the Issuer Administration Agreement may be terminated by the Issuer Administrator if a default is made by the Issuer in the payment on the due date of any payment due and payable by the Issuer to the Issuer Administrator in accordance with the terms of the Issuer Administration Agreement, provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute issuer administrator.

## SUB-PARTICIPATION AGREEMENT

### Sub-Participation Agreement

Under the Sub-Participation Agreement, the Issuer will grant to the Savings Mortgage Participant, and the Savings Mortgage Participant will acquire, a sub-participation in each of the Savings Mortgage Receivables, the OpMaat Mortgage Receivables and the Hybrid Mortgage Receivables.

In the Sub-Participation Agreement, the Savings Mortgage Participant will undertake to pay to the Issuer:

- (a) at the date of sale and purchase of the relevant Mortgage Receivables, an amount equal to the sum of (i) the Savings Premiums and the OpMaat Premiums in respect of the relevant Savings Insurance Policy or OpMaat Insurance Policy received by the Savings Insurance Company and (ii) the Hybrid Savings in respect of the relevant Hybrid Mortgage Loan received by the relevant Originator, in each case with accrued interest up to and including the date of purchase of the relevant Mortgage Receivable, in relation to each of the Savings Mortgage Receivables, the OpMaat Mortgage Receivables and the Hybrid Mortgage Receivables;
- (b) on each Portfolio Payment Date an amount equal to the amounts switched under (i) the OpMaat Insurance Policies from investments in one or more Investment Funds into investments being made in the form of a deposit into the relevant Savings Account and (ii) the Hybrid Mortgage Loans from the Hybrid Securities Accounts into the Hybrid Savings Accounts, during the Portfolio Calculation Period immediately preceding a Portfolio Payment Date (each such payment referred to under subparagraph (a) and this subparagraph (b) in relation to a Mortgage Receivable, an "**Initial Sub-Participation**"); and
- (c) on each Portfolio Payment Date an amount equal to the amount scheduled to be received by (i) the Savings Insurance Company as Savings Premium or OpMaat Premium and (ii) the relevant Originator as Hybrid Savings, during the immediately preceding Portfolio Calculation Period in respect of the relevant Savings Insurance Policies, OpMaat Insurance Policies and Hybrid Mortgage Loans, respectively,

provided that in respect of each relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable, or, as the case may be, Hybrid Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Sub-Participation in such relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable would exceed the principal amount outstanding of the relevant Savings Mortgage Loan, OpMaat Mortgage Loan or, as the case may be, Hybrid Mortgage Loan.

In respect of Savings Mortgage Receivables and OpMaat Mortgage Receivables sold to the Issuer on the Closing Date, the Initial Participation is equal to the sum of the Savings Premiums and the OpMaat Premiums in respect of the relevant Savings Insurance Policy or OpMaat Insurance Policy received by the Savings Insurance Company, in each case with accrued interest up to (but excluding) the Closing Date. The Savings Mortgage Participant shall, in respect of the Savings Mortgage Receivables and OpMaat Mortgage Receivables sold to the Issuer on the

Closing Date, pay on the Closing Date a part of the Initial Participation which is equal to the sum of the Savings Premiums and the OpMaat Premiums in respect of the relevant Savings Insurance Policy or OpMaat Insurance Policy received by the Savings Insurance Company, in each case with accrued interest up to and including the Portfolio Cut-Off Date. The remaining part of such Initial Participation shall be paid by the Savings Mortgage Participant on the first Portfolio Payment Date, which part is equal to the sum of the Savings Premiums and the OpMaat Premiums in respect of the relevant Savings Insurance Policy or OpMaat Insurance Policy received by the Savings Insurance Company, in each case with accrued interest, in the period from (but excluding) the Portfolio Cut-Off Date up to (but excluding) the Closing Date.

As a consequence of such payments the Savings Mortgage Participant will acquire the Sub-Participation in respect of each such Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable which is equal, on any date, to the Initial Sub-Participation in respect of the relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable and which will be increased during each Portfolio Calculation Period on the basis of the following formula (the "**Monthly Sub-Participation Increase**"):

$$\text{Monthly Sub-Participation Increase} = (P/H) \times R + S$$

Where:

**P** = the Sub-Participation in the Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable on the first day of the relevant Portfolio Calculation Period;

**H** = the principal amount outstanding on the Savings Mortgage Loan, OpMaat Mortgage Loan, and Hybrid Mortgage Loan which, in each case, is also a Portfolio Mortgage Loan, on the first day of the relevant Portfolio Calculation Period;

**R** = the amount of interest due by the Borrower on the Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable and actually received by the Issuer in such Portfolio Calculation Period; and

**S** = the amount received by the Issuer from the Savings Mortgage Participant in such Portfolio Calculation Period in respect of the relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or, as the case may be, Hybrid Mortgage Receivable pursuant to the Sub-Participation Agreement.

### **Sub-Participation Redemption Available Amount**

In consideration for the obligations of the Savings Mortgage Participant, the Issuer will undertake to pay to the Savings Mortgage Participant on each Portfolio Payment Date an amount equal to the Sub-Participation in each of the Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables during the relevant Portfolio Calculation Period, being the amounts received:

- (a) by means of repayment and prepayment in full or in part of principal amounts under or in respect of the Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables *multiplied* by the Sub-Participation Fraction;

- (b) as Net Proceeds on Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables *multiplied* by the Sub-Participation Fraction; and
- (c) in connection with a sale of Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or Trust Deed, *multiplied* by the Sub-Participation Fraction,

(together, the "**Sub-Participation Redemption Available Amount**").

### **Reduction of Sub-Participation**

If:

- (a) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or, as the case may be, an OpMaat Mortgage Receivable based upon a default in the performance whether in whole or in part by the Savings Insurance Company of its obligations under the Savings Insurance Policy or, as the case may be, the OpMaat Insurance Policy, or for any other reason;
- (b) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Hybrid Mortgage Receivable based upon a default in the performance whether in whole or in part by the relevant Originator of its obligations under or in respect of the Hybrid Savings Account, or for any other reason; or
- (c) the Savings Mortgage Participant fails to pay any amount due by it to the Issuer under the Sub-Participation Agreement in respect of the relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable,

and, as a consequence thereof, the Issuer will not have received any amount which it would have received if such defence or failure to pay would not have been invoked or made (as the case may be) in respect of such Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, and with respect to paragraph (a) and (b) above only to the extent that the Seller has not reimbursed the Issuer in accordance with clause 13.1.6 of the Mortgage Receivables Purchase Agreement for an amount equal to the amount in respect of which such defence is invoked, the Sub-Participation in respect of such Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable will be reduced by an amount equal to the amount which the Issuer has failed to so receive as a result of such defence or failure to pay, and the calculation of the Sub-Participation Redemption Available Amount shall be adjusted accordingly.

### **Enforcement Notice**

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

- (a) declare that the obligations of the Savings Mortgage Participant under the Sub-Participation Agreement are terminated; and

- (b) declare the Sub-Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Sub-Participation Redemption Available Amount received or collected either by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables, the OpMaat Mortgage Receivables and the Hybrid Mortgage Receivables.

### **Termination**

If, in respect of an OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, a Savings Switch becomes effective in accordance with the terms of the relevant OpMaat Mortgage Loan or Hybrid Mortgage Loan, as the case may be, during the Notes Calculation Period immediately preceding a Quarterly Payment Date, the Sub-Participation in such OpMaat Mortgage Receivable or Hybrid Mortgage Receivable will terminate and an amount equal to the Switch Amounts relating to such OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, as the case may be, will be paid by the Issuer to the Savings Mortgage Participant subject to, and in accordance with, Condition 7 (*Redemption, Purchase and Cancellation*) on such Quarterly Payment Date.

In addition, if one or more of the Savings Mortgage Receivables, OpMaat Mortgage Receivables or Hybrid Mortgage Receivables are repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, the Sub-Participation in such Savings Mortgage Receivables, OpMaat Mortgage Receivables or Hybrid Mortgage Receivables will terminate and the Sub-Participation Redemption Available Amount in respect of the Savings Mortgage Receivables, OpMaat Mortgage Receivables or Hybrid Mortgage Receivables will be paid by the Issuer to the Savings Mortgage Participant. The Issuer will use, if so requested by the Savings Mortgage Participant, its best efforts to ensure that the acquirer of the Savings Mortgage Receivables, OpMaat Mortgage Receivables or Hybrid Mortgage Receivables will enter into a sub-participation agreement with the Savings Mortgage Participant, in a form similar to the Sub-Participation Agreement.

Furthermore, in any other cases, a Sub-Participation shall terminate if at the close of business on any Portfolio Payment Date the Savings Mortgage Participant has received such Sub-Participation in respect of the relevant Savings Mortgage Receivable, OpMaat Mortgage Receivable or Hybrid Mortgage Receivable, as the case may be.

## ISSUER

### Corporate Information

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands on 4 December 2007 as a special purpose vehicle. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, The Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (general telephone number: +31 20 5771177). The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34288208.

### Objects of the Issuer

The objectives of the Issuer are:

- (a) to acquire, purchase, manage, dispose of and encumber claims (*vorderingen op naam*) deriving from or in connection with loans provided by a third party or third parties and to exercise all rights attached to such claims;
- (b) to raise funds, including the issue of bonds, acknowledgements of debt or other negotiable instruments and securities, as well as to borrow monies in order to acquire assets referred to under (a);
- (c) to enter into loan agreements or to otherwise raise funds in order to comply with its obligations under or in connection with the bonds and/or securities referred to under (b);
- (d) the hedging of interest and other financial risks by entering into hedging arrangements such as interest and/or currency swap transactions and other swap transactions;
- (e) to invest, including the lending of funds, the assets of the Issuer;
- (f) to grant security in connection with the foregoing for itself or for third parties; and
- (g) to enter into agreements and/or other legal acts in connection with the foregoing and to exercise rights and to comply with its obligations under such agreements and legal acts.

### Issuer Share Capital

The Issuer has an authorised share capital of euro 18,000 of which euro 18,000 has been issued and is fully paid. The authorised share capital is divided into one hundred and eighty (180) ordinary shares with a nominal value of one hundred euros (€ 100) each, numbered 1 up to and including 180. All shares of the Issuer are registered shares and are held by the Shareholder.

The Shareholder is a foundation (*stichting*) incorporated under the laws of The Netherlands on 20 November 2007. The objects of the Shareholder are, amongst other things, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares.

### Statement by the Issuer Director

Since its incorporation, the Issuer operates under the laws of The Netherlands and has not traded, no profits and losses have been made or incurred and it has not declared or paid any



dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus dated 18 December 2007.

The sole director of both the Issuer and the Shareholder is ATC Management B.V., having its registered office at Olympic Plaza, Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands. The managing directors of ATC Management B.V. are J.H. Scholts, A.G.M. Nagelmaker, R. Posthumus and R. Rosenboom.

The sole shareholder of ATC Management B.V. is Amsterdam Trust Corporation B.V. The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) acting as a finance company, and (c) managing legal entities.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as of 20 December 2007 as adjusted to give effect to the issue of the Notes and the Initial Sub-Participation:

#### *Share Capital*

Authorised Share Capital: euro 18,000

Issued Share Capital: euro 18,000

#### *Borrowings and Initial Sub-Participations*

Senior Class A Notes: euro 27,690,000,000

Mezzanine Class B Notes: euro 750,000,000

Junior Class C Notes: euro 1,560,000,000

Subordinated Class D Notes: euro 300,000,000

Initial Sub-Participation: euro 941,096,130

### **Auditors' Confirmation**

The following is the text of a report received by the board of managing directors of the Issuer from Ernst & Young Accountants, Prof. Dr. Dorgelolaan 12, 5613 AM Eindhoven, The Netherlands (general telephone number +31 (0) 40 2602206), the auditors to the Issuer:

To the Directors of BEST 2007 B.V.  
Eindhoven, 18 December 2007

Dear Sirs,

BEST 2007 B.V. (the "**Issuer**") was incorporated on 4 December 2007 under number B.V. 1465221 with an issued share capital of euro 18,000. The Issuer has not yet prepared any financial statements. Since its incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions,

save for the activities related to its establishment and the securitisation transaction included in the Prospectus dated 18 December 2007.

Yours faithfully,

For Ernst & Young Accountants

Signed N.A.J. Silverentand

## **USE OF PROCEEDS**

The net proceeds of the Notes (other than the Subordinated Class D Notes) which are expected to amount to approximately €30,000,000,000 will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement on the Closing Date.

The net proceeds of the Subordinated Class D Notes will be applied on the Closing Date to fund the Reserve Account.

## DESCRIPTION OF SECURITY

The Notes will be secured indirectly, through the Parallel Debt (defined below), pursuant to the Trust Deed to be entered into by Issuer and the Security Trustee. The Security Trustee will act as security trustee for:

- (a) the Manager as initial holder of the Notes;
- (b) the Noteholders;
- (c) the Directors;
- (d) the Issuer Administrator;
- (e) the Liquidity Facility Provider;
- (f) the Paying Agents;
- (g) the Reference Agent;
- (h) the Savings Mortgage Participant;
- (i) the Seller;
- (j) the Servicer; and
- (k) the Swap Counterparty,

together, the "**Secured Parties**".

In the Trust Deed the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) from time to time by the Issuer to the Secured Parties under or in connection with the respective Transaction Documents, including the obligations under the Notes, which undertaking is herein referred to as the "**Parallel Debt**".

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

The Parallel Debt will be secured by the Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement.

Pursuant to the Mortgage Receivables Pledge Agreement, the Issuer shall grant an undisclosed first ranking right of pledge (*stil pandrecht*) in favour of the Security Trustee on the Mortgage Receivables (including any Beneficiary Rights relating thereto if assigned to it by the Seller and to the extent capable of being pledged to the Security Trustee), as security for the Parallel Debt and any other liabilities of the Issuer to the Security Trustee under the Transaction Documents. Pursuant to the Mortgage Receivables Pledge Agreement, the Issuer further undertakes in respect of any Replacement Receivables, Further Advance Receivables and Substitute

Receivables (including any Beneficiary Rights relating thereto if assigned to it by the Seller and to the extent capable of being pledged), to grant to the Security Trustee an undisclosed first ranking right of pledge (*stil pandrecht*) on such Replacement Receivables, Further Advance Receivables or Substitute Receivables, on the relevant purchase date.

The pledge on the Mortgage Receivables and any Beneficiary Rights created pursuant to the Mortgage Receivables Pledge Agreement will not be notified to the Borrowers and the Insurance Companies, respectively, except if certain pledge notification events (as defined in the Mortgage Receivables Pledge Agreement) occur, which will be similar to the Assignment Notification Events defined in the Mortgage Receivables Purchase Agreement but which relate to the Issuer ("**Pledge Notification Events**").

Pursuant to the Issuer Rights Pledge Agreement the Issuer shall grant a disclosed first ranking right of pledge (*openbaar pandrecht*) in favour of the Security Trustee as security for the Parallel Debt and any other liabilities of the Issuer to the Security Trustee under the Transaction Documents, on all rights of the Issuer under or in connection with:

- (a) the Accounts and the Liquidity Facility Stand-by Drawing Account;
- (b) the Account Bank Agreement;
- (c) the Issuer Administration Agreement;
- (d) the Issuer Management Agreement;
- (e) the Liquidity Facility Agreement;
- (f) the Mortgage Receivables Purchase Agreement;
- (g) the Paying Agency Agreement;
- (h) the Servicing Agreement;
- (i) the Sub-Participation Agreement; and
- (j) the Swap Agreement.

If the Security Trustee receives any amounts in payment of the Parallel Debt, the Security Trustee shall distribute such amounts, save for certain amounts due to the Savings Mortgage Participant in connection with the Sub-Participation Agreement, among the Secured Parties in accordance with the Enforcement Priority of Payments. The amounts due to the Secured Parties (other than the Savings Mortgage Participant) will broadly be equal to amounts recovered (*verhaald*), by the Security Trustee on:

- (a) the Mortgage Receivables (other than Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables) and other assets pledged to the Security Trustee under the Mortgage Receivables Pledge Agreement;
- (b) the Savings Mortgage Receivables, OpMaat Mortgage Receivables and the Hybrid Mortgage Receivables to the extent the amount exceeds the Sub-Participation in the relevant Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables; and

(c) the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement.

The amounts due to the Savings Mortgage Participant will be equal to the amounts recovered by the Security Trustee on the Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables but only to the extent such amount does not exceed the Sub-Participation in such Savings Mortgage Receivables, OpMaat Mortgage Receivables and Hybrid Mortgage Receivables.

The Parallel Debt described above, shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, subject to the Enforcement Priority of Payments.

## **THE SECURITY TRUSTEE**

The Security Trustee is a foundation (*stichting*) incorporated under the laws of The Netherlands on 20 November 2007. It has its registered office in Amsterdam, The Netherlands.

The objects of the Security Trustee are:

- (a) to act as security trustee and/or trustee in respect of a securitisation transaction involving the Issuer;
- (b) to act as security trustee and/or trustee on behalf of the holders of notes issued from time to time by the Issuer as well as on behalf of other creditors of the Issuer;
- (c) to act as the beneficiary of payment undertakings in connection with its role as security trustee;
- (d) to keep, manage and enforce security interests granted or to be granted in connection with the securitisation transaction described in paragraph (a) above;
- (e) to invest on a temporary basis funds received by reason of enforcing security interests as described in paragraph (d) above for the benefit of the parties involved in the securitisation transaction; and
- (f) to enter into agreements and/or undertake other legal acts and activities, in connection with the objects described above, provided always that such activities are necessary or useful in relation to the securitisation transaction referred to in paragraph (a) above and for the entering into and performance of the duty of the foundation as security trustee and trustee for the holders of notes issued by the Issuer as well as for other creditors of the Issuer.

The managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Olympic Plaza, Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are F.E.M. Kuijpers and D.P. Stolp.

## TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed (subject to completion and amendment). They will be incorporated by reference into the Notes in global form.

The Conditions are subject to the provisions of the Trust Deed, the Pledge Agreements and the other Transaction Documents.

The issue of the €27,690,000,000 Senior Class A Mortgage-Backed Floating Rate Notes due 2079 (the "**Senior Class A Notes**"), the €750,000,000 Mezzanine Class B Mortgage-Backed Floating Rate Notes due 2079 (the "**Mezzanine Class B Notes**"), the €1,560,000,000 Junior Class C Mortgage-Backed Floating Rate Notes due 2079 (the "**Junior Class C Notes**") and the €300,000,000 Subordinated Class D Floating Rate Notes due 2079 (the "**Subordinated Class D Notes**"), and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the "**Notes**", and "**Note**" shall mean any one of the Notes, and "**Class**" or "**Class of Notes**" means in respect of the Notes, the class of Notes being identified as the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes) was authorised by a resolution of the managing director of BEST 2007 B.V. (the "**Issuer**") adopted on 14 December 2007.

The Notes will be issued on 20 December 2007 (the "**Closing Date**") and will be constituted by the provisions of a trust deed (the "**Trust Deed**") dated on or before the Closing Date between the Issuer and Stichting Security Trustee BEST 2007 (the "**Security Trustee**") as trustee for the time being of the holders of the Notes, and are subject to these terms and conditions (the "**Conditions**", and each a "**Condition**").

Under a paying agency agreement dated on or before the Closing Date (the "**Paying Agency Agreement**") between, amongst others, the Issuer, Deutsche Bank AG, London Branch, acting out of its principal office in London as principal paying agent in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes (in such capacity, the "**CD Principal Paying Agent**"), Deutsche Bank AG, Amsterdam Branch, as paying agent in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes (the "**CD Paying Agent**"), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabo Securities) as principal paying agent (the "**EN Principal Paying Agent**") and paying agent in respect of the Senior Class A Notes (the "**EN Paying Agent**") and, any further or other paying agents for the time being appointed in respect of the Notes (together with the CD Principal Paying Agent, the CD Paying Agent, the EN Principal Paying Agent and the EN Paying Agent, the "**Paying Agents**") and Deutsche Bank AG, London Branch, as reference agent (the "**Reference Agent**", and together with the Paying Agents, the "**Agents**") provision is made for, among other things, the payment of principal and interest in respect of the Notes.

Any reference in these Conditions to the Trust Deed, the Pledge Agreements, the Paying Agency Agreement or any other Transaction Document is to such document as from time to time amended, varied or novated in accordance with its provisions and includes any deed or other document expressed to be supplemental to it, as from time to time so amended.



References to the Security Trustee or any of the Agents include references to its successors, transferees and assigns and, in the case of the Security Trustee, to any additional trustee appointed under the Trust Deed, or, as the case may be, pursuant to the Pledge Agreements.

Unless stated otherwise in these Conditions, defined terms used in these Conditions have the meaning given to them in the master definitions and framework agreement entered into on or before the Closing Date (the "**Master Definitions and Framework Agreement**") between, amongst others, the Issuer and the Security Trustee, and which is available for inspection as described below.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Pledge Agreements, the Paying Agency Agreement and the other Transaction Documents.

Copies of the Trust Deed, the Paying Agency Agreement, the Pledge Agreements and the other Transaction Documents (except for the Facility Fee Letter) are available for inspection, free of charge to Noteholders, at the Specified Office of the Paying Agents and the registered office of the Security Trustee, being as at the Closing Date, Olympic Plaza, Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

The Noteholders and all persons claiming through them or under the Notes are entitled to the benefit of, are bound by the provisions of the Trust Deed, the Pledge Agreements, the Paying Agency Agreement and the other Transaction Documents (other than the Facility Fee Letter), and are deemed to have notice of all the provisions of the Transaction Documents (other than the Facility Fee Letter).

## 1. **DEFINITIONS**

"**Basic Terms Change**" means any change which would have the effect of:

- (a) postponing or altering the date of maturity of the Notes in respect of any Class of Notes;
- (b) postponing or altering any day for the payment of interest in respect of any Class of Notes;
- (c) postponing or altering the Rate of Interest payable in respect of any Class of Notes (other than any alteration relating to any Margin Reset subject to and in accordance with Condition 5.6 (*Margin reset right for single Noteholder*));
- (d) postponing, altering, reducing or cancelling the amount of principal payable in respect of any Class of Notes;
- (e) postponing or altering the date or priority of redemption of the Notes in respect of any Class of Notes;
- (f) altering the majority required to pass an Extraordinary Resolution; or
- (g) altering the definition of Basic Terms Change;

"**Business Day**" means a day, other than a Saturday or Sunday, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**TARGET System**") or any successor to the TARGET System is operating credit or transfer instructions in respect of

payments in euro and on which banking institutions in Amsterdam are generally open for commercial business;

"**CET**" means Central European Time;

"**Class**" or "**Class of Notes**" means the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, or any combination of them;

"**euro**", "**€**" or "**EUR**" means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;

"**Exchange Date**" means with respect to a Note the first (1st) day following the expiry of not less than forty (40) but no more than ninety (90) days after the Closing Date;

"**Final Maturity Date**" means the Quarterly Payment Date falling in March 2079;

"**First Optional Redemption Date**" means the Quarterly Payment Date falling in March 2013;

"**Initial Principal Amount**" means, in relation to any Note, the Principal Amount Outstanding of such Note on the Closing Date;

"**Interest Determination Date**" means each day which is two (2) Business Days prior to a Quarterly Payment Date, and, in relation to a Quarterly Interest Period, the related interest determination date means, the Interest Determination Date immediately preceding the commencement of such Quarterly Interest Period save that the Interest Determination Date in respect of the first Quarterly Interest Period shall be two (2) Business Days prior to the Closing Date;

"**Issuer's Jurisdiction**" means The Netherlands;

"**Junior Class C Noteholders**" means the holders of the Junior Class C Notes from time to time;

"**Meeting**" means a meeting of Noteholders of any Class (whether originally convened or resumed following an adjournment) held pursuant to the Trust Deed;

"**Mezzanine Class B Noteholders**" means the holders of the Mezzanine Class B Notes from time to time;

"**Notes**" means in respect of each Class of Notes, the Notes represented by the Global Notes for such Class of Notes or where the context so requires, any of them, and "**Note**" shall mean in respect of each Class of Notes, any one of Notes represented by such Global Notes;

"**Permanent Global Note**" means in respect of the EN Notes, the bearer permanent global note in or substantially in the form set out in Schedule 4 (*Form of EN Permanent Global Note*) and in respect of the CD Notes, the bearer permanent global note in or substantially in the form set out in Schedule 6 (*Form of CD Permanent Global Note*) to the Trust Deed;

"**Principal Amount Outstanding**" means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of all Note Principal

Redemption Amounts that have been paid by the Issuer in respect of that Note on or prior to that date;

**"Principal Shortfall"** means, with respect to the applicable Class of Notes except the Subordinated Class D Notes, and a Quarterly Payment Date, an amount equal to:

- (a) the balance of the relevant Principal Deficiency Ledger for the relevant Class of Notes; divided by
- (b) the number of Notes of the relevant Class;

**"Priority of Payments"** means the Interest Priority of Payments, the Principal Priority of Payments and the Enforcement Priority of Payments, as applicable;

**"Senior Class A Noteholders"** means the holders of the Senior Class A Notes from time to time;

**"Specified Office"** means with respect to each Paying Agent the office listed at the end of these Conditions or such other offices as may from time to time be duly notified pursuant to Condition 15 (*Notices*);

**"Subordinated Class D Noteholders"** means the holders of the Subordinated Class D Notes from time to time;

**"Tax"** means and shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Tax Authority;

**"Tax Authority"** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world;

**"Tax Deduction"** means any deduction or withholding on account of Tax;

**"Taxes", "taxation", "taxable"** and comparable expressions shall be construed accordingly;

**"Temporary Global Note"** means in respect of the EN Notes, the bearer temporary global note in or substantially in the form set out in Schedule 3 (*Form of EN Temporary Global Note*) and in respect of the CD Notes, the bearer temporary global note in or substantially in the form set out in Schedule 5 (*Form of CD Temporary Global Note*) to the Trust Deed;

**"Temporary Ledger"** means the temporary ledger established as sub-ledger of the Transaction Account;

**"Temporary Ledger Amount"** means, at any time, the amount standing to the credit of the Temporary Ledger at said time; and

**"Transaction Documents"** means:

- (a) each Accession Letter (as defined in the Master Definitions and Framework Agreement);
- (b) the Account Bank Agreement;

- (c) the Beneficiary Waiver Agreement (if any);
- (d) the Facility Fee Letter;
- (e) each Deed of Assignment and Pledge (as defined in the Master Definitions and Framework Agreement);
- (f) each Deed of Repurchase and Re-assignment (as defined in the Master Definitions and Framework Agreement);
- (g) the Issuer Administration Agreement;
- (h) the Issuer Rights Pledge Agreement;
- (i) the Liquidity Facility Agreement;
- (j) the Management Agreements;
- (k) the Master Definitions and Framework Agreement;
- (l) the Mortgage Receivables Pledge Agreement;
- (m) the Mortgage Receivables Purchase Agreement;
- (n) the Paying Agency Agreement;
- (o) the Servicing Agreement;
- (p) the Sub-Participation Agreement;
- (q) the Subscription Agreement;
- (r) the Swap Agreement; and
- (s) the Trust Deed,

and "**Transaction Document**" shall mean any one of them; and

"**United States**" means the United States of America (including the States and the District of Columbia); and its possessions include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

## 2. **FORM, DENOMINATION, TITLE AND ELIGIBLE HOLDERS**

### 2.1 **Denominations of Notes**

Each Class of Notes will be issued in minimum denominations of €50,000.

### 2.2 **Form of Temporary Global Notes**

Each Class of Notes will be issued in bearer form and will initially be represented by a Temporary Global Note, without coupons or talons attached, in the aggregate principal amount on issue of:

- (i) €27,690,000,000 for the Senior Class A Notes;

- (ii) €750,000,000 for the Mezzanine Class B Notes;
- (iii) €1,560,000,000 for the Junior Class C Notes; and
- (iv) €300,000,000 for the Subordinated Class D Notes.

## 2.3 EN Notes

### 2.3.1 Deposit of EN Temporary Global Note

- (a) The Senior Class A Notes (the "**EN Notes**") in book-entry form and initially represented by a temporary global note in bearer form (the "**EN Temporary Global Note**"), without coupons or talons, will be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") on or about the Closing Date.
- (b) Upon the deposit of the EN Temporary Global Note with Euroclear Netherlands, Euroclear Netherlands will credit the accounts of the admitted institutions (*aangesloten instellingen*), which will credit the account of each purchaser of the Notes (represented by the EN Temporary Global Note) with the principal amount of the Notes equal to the principal amount for which such Notes have been purchased.

### 2.3.2 Exchange for EN Permanent Global Note

- (a) Such EN Temporary Global Note will be exchangeable on and after the Exchange Date, upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear Netherlands for interests in a permanent global note in bearer form without coupons or talons (the "**EN Permanent Global Note**", and together with the EN Temporary Global Note, the "**EN Global Notes**") for the Senior Class A Notes, which will also be deposited with Euroclear Netherlands.
- (b) Upon the exchange of the EN Temporary Global Note for the EN Permanent Global Note, the EN Permanent Global Note will remain deposited with Euroclear Netherlands.

### 2.3.3 No exchange (*omwisseling*) for definitive notes and no withdrawal (*uitlevering*) of EN Permanent Global Note

Interests in the EN Permanent Global Note are not exchangeable for definitive notes and a holder of EN Notes shall not have the right to request withdrawal thereof under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, the "**Wge**").

### 2.3.4 Title to the EN Notes

Title to the EN Notes will pass by delivery (*levering*). Deliveries will take place in accordance with the *Wge* and the rules and procedures for the time being for Euroclear Netherlands. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Security Trustee

and the relevant Paying Agents may (a) for the purpose of payment of principal and interest on the EN Notes, treat the holder of an EN Global Note as the absolute owner of such EN Global Note, and (b) for all other purposes treat any person who is for the time being shown as the holder of a particular nominal amount of EN Notes in the records of Euroclear Netherlands or an admitted institution (*aangesloten instelling*) within the meaning of the Wge (in which regard any certificate or other document issued by Euroclear Netherlands or such admitted institution (*aangesloten instelling*) shall be conclusive and binding except in the case of manifest error) as the absolute owner of such nominal amount of EN Notes and none of the Issuer, the Security Trustee or such Paying Agents shall be liable for so treating such holder.

#### 2.3.5 **Legends on EN Global Notes**

The following legend will appear on all EN Global Notes held in Euroclear Netherlands:

'NOTICE: THIS NOTE IS ISSUED FOR DEPOSIT WITH *NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V.* ("**EUROCLEAR NETHERLANDS**") IN AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS NOTE FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED'.

### 2.4 **CD Notes**

#### 2.4.1 **Deposit of CD Temporary Global Notes**

The Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes (the "**CD Notes**") will initially be represented by a temporary global note in bearer form (a "**CD Temporary Global Note**"), without coupons or talons, deposited with Deutsche Bank AG, London Branch as common depositary (the "**CD Common Depositary**"), for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream Luxembourg**"), on or about the Closing Date.

#### 2.4.2 **Exchange for CD Permanent Global Notes**

Each such CD Temporary Global Note will be exchangeable on the Exchange Date not earlier than 40 days but no later than 90 days after the later of the Closing Date and the commencement of the offering of the Notes upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear or Clearstream Luxembourg, as appropriate, for interests in a permanent global note in bearer form without coupons or talons (a "**CD Permanent Global Note**"), and together with each CD Temporary Global Note, the "**CD Global Notes**" and the CD Global Notes together with the EN Global Notes, the "**Global Notes**") for the relevant Class of CD Notes. On the exchange of a CD Temporary Global Note for a CD Permanent Global Note of the relevant class, the CD Permanent Global Note will remain deposited with the CD Common

Depository. The Permanent CD Global Note will be exchangeable for Definitive Notes (as defined below) only in the limited circumstances described below.

#### 2.4.3 **Transfer of CD Notes**

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

#### 2.4.4 **Issue of Definitive Notes**

If after the Exchange Date (i) the CD 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 the CD Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the CD Notes which would not be required were the CD Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Mezzanine Class B Notes in definitive form (the "**Class B Definitive Notes**") in exchange for the whole outstanding interest in the CD Permanent Global Note in respect of the Mezzanine Class B Notes;
- (ii) Junior Class C Notes in definitive form (the "**Class C Definitive Notes**") in exchange for the whole outstanding interest in the CD Permanent Global Note in respect of the Junior Class C Notes; and
- (iii) Subordinated Class D Notes in definitive form (the "**Class D Definitive Notes**" and together with the Mezzanine Class B Definitive Notes and the Junior Class C Definitive Notes, the "**Definitive Notes**") in exchange for the whole outstanding interest in the CD Permanent Global Note in respect of the Subordinated Class D Notes.

#### 2.5 **Title to the CD Notes**

- (a) Definitive Notes, if issued, will be in the denomination of €50,000 each, serially numbered and in bearer form with (at the date of issue) interest coupons ("**Coupons**"). Title to the Definitive Notes and Coupons will pass by delivery.
- (b) The holder of any Definitive Note or Coupon may, to the fullest extent permitted by applicable law, be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Notes, as the absolute owner of that Definitive Note or Coupon regardless of any notice of ownership, destruction, theft or loss or of any

trust or other interest in it or any writing on it. The holder of any Coupon (whether or not such Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the Note.

## 2.6 General

- (a) Title to the Global Notes will pass by delivery. The holder of any Global Note may (except as ordered by a court of a competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Security Trustee and each Paying Agent as the absolute owner of the Global Note for the purposes of making payments thereon and none of the Issuer, the Security Trustee and each Paying Agent shall be liable for so treating such holder.
- (b) Any reference to the Notes shall include the Global Notes and where applicable, the Definitive Notes.
- (c) For the purpose of these Conditions "**Noteholder**" and holder of a Note means (i) in relation to any Notes represented by a Global Note, each person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear) who is for the time being shown in the records of, in respect of CD Notes, Clearstream Luxembourg or Euroclear, and, in respect of EN Notes, Euroclear Netherlands or an admitted institution (*aangesloten instelling*) within the meaning of the Wge, as the holder of a particular Principal Amount Outstanding, for which purpose any certificate or other document issued by Clearstream Luxembourg, Euroclear or Euroclear Netherlands or an admitted institution within the meaning of the Wge, as to the Principal Amount Outstanding of the Notes standing to the account of any person will be conclusive and binding on the basis that that person shall be treated by the Issuer, the Security Trustee and all other persons as the holder of that Principal Amount Outstanding of those Notes for all purposes other than for the purpose of payments in respect of those Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note, who shall be regarded as the Noteholder for that purpose; and (ii) in relation to any Definitive Notes issued under this Condition 2 (*Form, Denomination, Title and Eligible Holders*) of these Conditions, the bearers of those Definitive Notes; and related expressions shall be construed accordingly.
- (d) Notes will bear the following legend:

"This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to any U.S. person, except in an offshore transaction and in accordance with Regulation S under the Securities Act, unless an exemption from the registration requirements of the Securities Act is available. Terms used above have the meanings given to them by Regulation S.

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES OF AMERICA) 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 OF THE UNITED STATES OF AMERICA."



- (e) Coupons will bear the following legend:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES OF AMERICA) 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 OF THE UNITED STATES OF AMERICA."

- (f) Where in these Conditions a reference is made to Note, this shall, unless the context otherwise requires, include a reference to a Coupon if and to the extent that Definitive Notes have been issued in accordance with these Conditions.

### 3. STATUS, PRIORITY AND SECURITY

#### 3.1 Status and relationship between the Notes

- (a) The Notes of a particular Class are direct and unconditional obligations of the Issuer and rank *pari passu* without any preference or priority amongst themselves.
- (b) Each Class of Notes ranks in accordance with the Priority of Payments set out in this Condition 3 (*Status, Priority and Security*). Certain other obligations of the Issuer rank in priority to the Notes in accordance with the Priority of Payments.
- (c) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.

#### 3.2 Security

- (a) The holders of the Notes and the other Secured Parties will, indirectly through the Parallel Debt, have the benefit of a pledge agreement entered into on or before the Closing Date between the Issuer and the Security Trustee pursuant to which the Issuer grants to the Security Trustee, on the terms set out therein, a undisclosed first ranking right of pledge over the Mortgage Receivables (including any Beneficiary Rights relating thereto) (the "**Mortgage Receivables Pledge Agreement**", and together with the Issuer Rights Pledge Agreement, the "**Pledge Agreements**").
- (b) The holders of the Notes and the other Secured Parties will, indirectly through the Parallel Debt, also have the benefit of a pledge agreement entered into on or before the Closing Date between, amongst others, the Issuer and the Security Trustee (the "**Issuer Rights Pledge Agreement**") pursuant to which the Issuer grants to the Security Trustee, on the terms set out therein, a disclosed first ranking right of pledge over its rights under or in connection with:
- (i) the Accounts and the Liquidity Facility Stand-by Drawing Account;
  - (ii) the Account Bank Agreement;
  - (iii) the Issuer Administration Agreement;
  - (iv) the Issuer Management Agreement;

- (v) the Liquidity Facility Agreement;
  - (vi) the Mortgage Receivables Purchase Agreement;
  - (vii) the Paying Agency Agreement;
  - (viii) the Sub-Participation Agreement;
  - (ix) the Servicing Agreement; and
  - (x) the Swap Agreement.
- (c) The security rights created under and pursuant to the Pledge Agreements shall be the "**Security**".

**3.3 Interest Payments before delivery of Enforcement Notice**

Before the delivery of an Enforcement Notice by the Security Trustee, if on any Quarterly Payment Date the Issuer has any Interest Available Funds, the Issuer Administrator shall instruct the Account Bank to make payments from the Interest Available Funds standing to the credit of the Transaction Account in accordance with order of priority set out in the Interest Priority of Payments, in each case only if and to the extent that payments or provisions of a higher order or priority have been made in full.

**3.4 Principal payments before delivery of Enforcement Notice**

Before the delivery of an Enforcement Notice by the Security Trustee, if on any Quarterly Payment Date the Issuer has any Principal Available Funds, the Issuer Administrator shall instruct the Account Bank to make payments from the Principal Available Funds standing to the credit of the Transaction Account on such Quarterly Payment Date in accordance with the order of priority (the "**Principal Priority of Payments**") set out in Condition 7.2 (*Mandatory redemption in part*) in each case only if and to the extent that payments or provisions of a higher or priority have been made in full.

**3.5 Payments after delivery of Enforcement Notice**

If an Enforcement Notice is delivered to the Issuer by the Security Trustee, except for any amount owed to the Savings Mortgage Participant in respect of any Sub-Participation, all monies held in the Accounts and the Liquidity Facility Stand-by Drawing Account and all monies received or recovered by the Issuer and/or the Security Trustee (or the Issuer Administrator on its behalf) will be applied in accordance with the order of priority set out in the Enforcement Priority of Payments, in each case only if and to the extent that payments or provisions of a higher order or priority have been made in full.

**4. COVENANTS OF THE ISSUER**

For as long as any Notes are outstanding, the Issuer covenants and agrees with the Security Trustee that it shall undertake its business in accordance with proper and prudent Netherlands business practice, Netherlands accounting practice and Netherlands law and, except with the

prior written consent of the Security Trustee or unless permitted by the Transaction Documents, it shall not:

- (a) create, incur or suffer to exist any indebtedness or give any guarantee or indemnity in respect of any indebtedness;
- (b) form, or cause to be formed any subsidiaries;
- (c) redeem any of its shares;
- (d) create, incur or permit to exist, or agree to create, incur or permit to exist, or consent to cause or permit in the future (upon happening of a contingency or otherwise) the creation, incurrence or existence of any mortgage, charge, pledge, lien or other security interest on or over any of its assets;
- (e) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares other than those issued to the Shareholder on 4 December 2007;
- (f) take any action, or fail to take any action, if such action or failure to take action may interfere with: (i) the enforcement of any rights under the Transaction Documents with respect to the rights, benefits or obligations of the Security Trustee or (ii) the validity, effectiveness or enforcement of any rights with respect to the Transaction Documents;
- (g) waive or alter any rights it may have with respect to the Transaction Documents;
- (h) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the security created by or pursuant to the Pledge Agreements;
- (i) consolidate or merge with or into any person, effect a demerger, or transfer any of its assets substantially or entirely to any person or liquidate or dissolve or otherwise terminate its existence;
- (j) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from: (i) interest payments on any of the Notes or (ii) any other payment in relation to the Transaction Documents to which it is a party, for or on account of tax;
- (k) transfer, exchange or otherwise dispose of any of its assets;
- (l) engage in any business or activity other than in connection with the transactions contemplated by the Transaction Documents;
- (m) have any employees or premises;
- (n) have an interest in any bank account other than the Accounts, the Liquidity Facility Account, the Liquidity Facility Stand-by Drawing Account, any account to which collateral pursuant to the Swap Agreement is transferred and any account on which any Eligible Investments are administered; and

- (o) fail to maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Council Directive 2003/48/EU.

## 5. INTEREST

### 5.1 Period of accrual

- (a) Interest on the Notes is payable only outside the United States and its possessions, within the meaning of United States Treasury regulation 1.163-5(c)(1)(ii)(A). No demand (other than a lawsuit) for payment of interest on the Notes may be made within the United States Treasury regulation section 1.163-5(c)(2)(v). No interest on the Notes shall be paid into an account maintained by the payee in the United States or mailed to an address in the United States unless the payee is described in United States Treasury Regulation sections 1.163-5(c)(2)(v)(B)(1) or (2).
- (b) Each Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date.
- (c) Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue on such Note (before and after any judgement) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the 7<sup>th</sup> day after notice is duly given by the relevant Paying Agents to the holder of such Note (in accordance with Condition 15 (*Notices*)) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made.
- (d) Interest in respect of any Quarterly Interest Period (or any other period) shall be calculated on the basis of the actual number of days elapsed in the Quarterly Interest Period (or such other period) and a year of 360 days.

### 5.2 Quarterly Interest Periods and Quarterly Payment Dates

- (a) Interest on each Note is payable by reference to successive Quarterly Interest Periods.
- (b) Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each an "**Quarterly Interest Period**") except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in March 2008.
- (c) Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case in respect of its Principal Amount Outstanding on the 26<sup>th</sup> day of March, June, September and December in each year (or, if such day is not a Business Day, the next following Business Day, unless such Business Day falls in the following calendar month in which case the day that is a Business Day immediately before such 26<sup>th</sup> day) (each such day being a "**Quarterly Payment Date**").

### 5.3 Rate of interest

The rate of interest payable from time to time in respect of the Notes shall be determined by the Reference Agent in accordance with this Condition 5 (*Interest*) and each interest rate so determined shall be the "**Rate of Interest**".

#### 5.4 **Interest on the Notes up to the First Optional Redemption Date**

Interest in respect of each Class of Notes for each Quarterly Interest Period up to (and including) the First Optional Redemption Date will accrue at an annual rate equal to the sum of:

- (i) the Euro Reference Rate; *plus*
- (ii) subject to Condition 5.6 (*Margin reset right for single Noteholder*), a margin:
  - (A) for the Senior Class A Notes, equal to 0.15 per cent. per annum;
  - (B) for the Mezzanine Class B Notes, equal to 0.40 per cent. per annum;
  - (C) for the Junior Class C Notes, equal to 0.70 per cent. per annum; and
  - (D) for the Subordinated Class D Notes, equal to 1.30 per cent. per annum.

#### 5.5 **Interest on the Notes following the First Optional Redemption Date**

- (a) Subject to this Condition 5 (*Interest*), if on the First Optional Redemption Date, the Notes of any Class have not been redeemed in full, interest on the Notes except for the Subordinated Class D Notes, payable by reference to each Quarterly Interest Period, will from (but excluding) the First Optional Redemption Date, accrue at an annual rate equal to the sum of:

- (iii) the Euro Reference Rate; *plus*
- (iv) a margin:
  - (A) for the Senior Class A Notes, equal to 0.80 per cent. per annum;
  - (B) for the Mezzanine Class B Notes, equal to 1.15 per cent. per annum; and
  - (C) for the Junior Class C Notes, equal to 1.40 per cent. per annum.

- (b) In the circumstances described in paragraph (a) of this Condition 5.5 (*Interest on the Notes following the First Optional Redemption Date*) the rate of interest in respect of the Subordinated Class D Notes will be as set out in Condition 5.4 (*Interest on the Notes up to the First Optional Redemption Date*).

#### 5.6 **Margin reset right for single Noteholder**

- (a) If all Notes are at any time held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear) prior to the First Optional Redemption Date, such holder of all Notes can request the Issuer and the Security Trustee to reset the then current margin (a "**Margin Reset**") for each Class of Notes (a "**Margin Reset Request**"). Any such Margin Reset Request shall be made to the Issuer and the Security

Trustee in writing by no later than the Quarterly Payment Date immediately preceding the Quarterly Payment Date on which the Margin Reset is to become effective, and shall set out the requested margin for such Class of Notes. Any such Margin Reset Request can only relate to a Quarterly Interest Period falling prior to the First Optional Redemption Date. Subject to Condition 5.5 (*Interest on the Notes following the First Optional Redemption Date*), each of the Issuer and the Security Trustee shall agree to any such Margin Reset Request made in accordance with this Condition 5.6(a) (*Margin reset right for single Noteholder*) provided that:

- (i) any such Margin Reset is not materially prejudicial to the Noteholders of any Class; and
  - (ii) the Swap Counterparty has approved to such Margin Reset in accordance with the Swap Agreement.
- (b) Upon receipt of any Margin Reset Request made in accordance with Condition 5.6(a) (*Margin reset right for single Noteholder*), the Issuer and the Security Trustee shall pursuant to the Swap Agreement provide a copy of the Margin Reset Request together with any proposed amendments required to be made to the Swap Agreement in respect of such Margin Reset (the "**Margin Reset Swap Amendments**"), to the Swap Counterparty. Pursuant to the Swap Agreement, the Swap Counterparty shall notify in writing the Issuer and the Security Trustee within ten (10) Business Days after receipt of such Margin Reset Request whether it approves the related Margin Reset and any Margin Reset Swap Amendment (including any amendments which the Swap Counterparty reasonably requests). In the Swap Agreement, the Issuer, the Security Trustee and the Swap Counterparty shall take all reasonable actions to ensure that the relevant Margin Reset Swap Amendments are in force and effect as from the Quarterly Payment Date on which the Margin Reset is requested to become effective.
- (c) If, for the purpose of Condition 5.6(a)(i) (*Margin reset right for single Noteholder*), the Security Trustee has determined that the then current ratings of the Notes will not be adversely affected by any such Margin Reset becoming effective, such Margin Reset is not considered to be materially prejudicial to the Noteholders of any such Class of Notes.
- (d) Any Margin Reset requested and approved in accordance with this Condition 5.6 (*Margin reset right for single Noteholder*) shall be notified by the Issuer to the Reference Agent at least two (2) Business Day prior to the Interest Determination Date relating to the Quarterly Payment Date on which such Margin Reset shall become effective.

#### 5.7 **Determination of the Euro Reference Rate**

The Reference Agent shall calculate the Euro Reference Rate for each Quarterly Interest Period and the "**Euro Reference Rate**" shall mean EURIBOR as determined in accordance with the following:

- (i) "**EURIBOR**" shall mean for any Quarterly Interest Period the rate per annum equal to the Euro Interbank Offered Rate for three (3) month euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the Euro Interbank Offered Rate for

three (3) month euro deposits and four (4) month euro deposits) as determined by the Reference Agent in accordance with Condition 5.2(a) (*Quarterly Interest Periods and Quarterly Payment Dates*).

- (ii) The Reference Agent shall determine EURIBOR, on the relevant, Interest Determination Date by using the EURIBOR rate determined and published jointly by the European Banking Federation and ACI – The Financial Market Association and which appears for information purposes on Reuters pages 248-249 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the EURIBOR rate) and which shall be selected by the Reference Agent as at or about 11.00 am (CET).
- (iii) If, on the relevant Interest Determination Date, the EURIBOR rate in paragraph (ii) above, 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 paragraph (i) above, the Reference Agent will:
  - (A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (each a "**Euro Reference Bank**" and together the "**Euro Reference Banks**") to provide a quotation for the rate at which three (3) month euro deposits (except in the case of the first Quarterly Interest Period in which case it shall be the rate equal to the linear interpolation between three (3) month euro deposits and four (4) month euro deposits) offered by it in the euro-zone interbank market at approximately 11.00 am (CET) 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;
  - (B) if at least two (2) quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth (5th) decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
  - (C) if fewer than two (2) such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth (5th) decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two (2) in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 am (CET) on the relevant Interest Determination Date for three (3) month euro deposits (except in the case of the first Quarterly Interest Period in which case it shall be the rate equal to the linear interpolation between three (3) month euro deposits and four (4) month euro deposits) to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time.

- (iv) If the Reference Agent is unable to determine EURIBOR in accordance with this Condition 5.6 (*Determination of the Euro Reference Rate*) in relation to any Quarterly Interest Period, EURIBOR applicable to the respective Notes during such Quarterly Interest Period will be EURIBOR last determined in relation thereto.

**5.8 Determination of the Rate of Interest and calculation of Interest Amounts**

The Reference Agent will, as soon as practicable after 11.00 am (CET) on each Interest Determination Date, determine the Rate of Interest referred to in Condition 5.1 (*Period of accrual*) for each Class of Notes and calculate the amount of interest payable on each of the Notes for the relevant Quarterly Interest Period (the "**Interest Amount**") by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Class of Notes respectively. The determination of the relevant Rate of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

**5.9 Notification of Rate of Interest and Interest Amounts**

The Reference Agent will cause the relevant Rate of Interest and the relevant Interest Amount, together with any Margin Reset, applicable to each Class of Notes for the relevant Quarterly Interest Period and the Quarterly Payment Date on which that Quarterly Interest Period will end, to be notified to the Issuer, the Security Trustee, each of the Paying Agents, the Account Bank and the Issuer Administrator and will cause notice thereof to be given in accordance with Condition 15 (*Notices*), as soon as possible after the determination thereof. The Rate of Interest, Interest Amount, Quarterly Interest Period and Quarterly 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 Quarterly Interest Period.

**5.10 Determination or calculation by the Security Trustee**

If the Reference Agent at any time for any reason does not determine the relevant Rate of Interest or fails to calculate the relevant Interest Amounts in accordance with this Condition 5 (*Interest*), the Security Trustee shall determine the relevant Rate of Interest, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition 5 (*Interest*)), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with this Condition 5 (*Interest*), and each such determination or calculation shall be final and binding on all parties.

**5.11 Euro Reference Banks and Reference Agent**

The Issuer will procure that, as long as any one of Notes remains outstanding, there will at all times be four (4) Euro Reference Banks and a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Euro Reference Bank by giving at least thirty (30) 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 15 (*Notices*). If any



person shall be unable or unwilling to continue to act as a Euro Reference Bank, or the Reference Agent (as the case may be), or if the appointment of any Euro Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Euro Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

## 6. PAYMENT

### 6.1 Payments in respect of Global Notes

- (a) Payments in respect of interest on the EN Temporary Global Note and the CD Temporary Global Notes will only be made upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear Netherlands unless such certification has already been made. On or after the Exchange Date, no payment will be made on any Temporary Global Note unless exchange for an interest in the corresponding Permanent Global Note has been improperly withheld or refused.
- (b) Payments of principal and interest in respect of the Notes represented by a Global Note, (i) in respect of the EN Global Notes will be made in euro to Euroclear Netherlands for credit of the respective accounts of the holders of the EN Notes and (ii) in respect of the CD Global Notes will be made in euro to Euroclear and Clearstream Luxembourg, as the case may be, for credit of the respective accounts of the holders of the CD Notes, and will be made in euros against presentation thereof at the Specified Office of the Paying Agent in cash or to a euro account of the payee with a bank in The Netherlands, as the holder may specify, and (in the case of any payment which will result in all amounts of principal and interest having been paid on the relevant Global Note) surrender of such Global Note to the order of the Paying Agent. A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Note by the Issuer (or by the Paying Agent on its behalf). Such endorsement shall be prima facie evidence that such payment has been made in respect of the Global Notes.

### 6.2 Definitive Notes

- (a) Payment of principal in respect of Definitive Notes will be made upon presentation and surrender of such Definitive Note at the Specified Office of the Paying Agents. Payments of interest in respect of the Definitive Notes will (subject as provided in this Condition 6.3 (*Definitive Notes*)) be made only against presentation and surrender of the relevant Coupons at the Specified Office of the Paying Agents. Such payment will be made in euros in cash or by transfer to a euro account maintained by the payee with a bank in the Euro zone, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment. All payments of interest shall be made outside the United States.
- (b) On the date upon which any Definitive Note becomes due and payable in full, unmatured Coupons (if any) of that class appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Definitive Note of a particular class is not a Quarterly Payment Date,

accrued interest will be paid only against presentation and surrender of such Definitive Note.

- 6.3 At the Final Maturity Date, or such earlier date the Notes become due and payable, the Definitive 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 (5) years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 9 (*Prescription*)).

6.4 **Payments subject to Priority of Payments, Trust Deed and all Fiscal Laws**

All payments of interest and principal in respect of the Notes are subject to the Priority of Payments, the Trust Deed and any fiscal or other laws and regulations applicable in the place of payment.

6.5 **Payments on Business Days**

If any Note is presented for payment on a day that is not a business day in the place of presentation, the holder shall not be entitled to payment in such place until the next following business day in such place. In such circumstances, no further payments or additional amounts by way of interest, principal or otherwise shall be due in respect of such Note, provided that in the case of payment by wire transfer to an account as referred to above, the Paying Agents 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 and the United Kingdom.

6.6 **Paying Agents**

- (a) The Paying Agents and their initial Specified Offices are listed at the end of these Conditions.
- (b) The Issuer reserves the right at any time to vary or terminate the appointment of each Paying Agent and to appoint additional or other paying agents provided that:
- (i) a paying agent located or acting in the United States of America and its possessions will not be appointed;
  - (ii) the Issuer will at all times maintain a paying agent that has a specified office in a European city which, for as long as the Notes are listed on Euronext Amsterdam shall be located in The Netherlands;
  - (iii) the Issuer will maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EU; and

- (iv) no paying agent will make payments from within the United States or its possessions.
- (c) Notice of any termination of appointment or appointment of each Paying Agent and of any changes to any Specified Office of a Paying Agent will be given to the Noteholders in accordance with Condition 15 (*Notices*).

7. **REDEMPTION, PURCHASE AND CANCELLATION**

7.1 **Final redemption**

Unless previously redeemed or cancelled, subject always to Condition 10 (*Subordination*), the Issuer shall redeem the Notes on the Final Maturity Date.

7.2 **Mandatory redemption in part**

Subject to:

- (i) the Issuer having sufficient Principal Available Funds on a Quarterly Payment Date;
- (ii) the Security Trustee not having delivered an Enforcement Notice in accordance with Condition 12 (*Events of Default*); and
- (iii) the provisions of Condition 10 (*Subordination*),

the Issuer will apply Principal Available Funds (in whole or in part):

(A) *first*, in or towards satisfaction of the following:

- (I) *first*, all Switch Amounts due and payable to the Savings Mortgage Participant pursuant to a Savings Switch (if any) up to the Savings Switch Available Amount;
- (II) *second*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Further Advance Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Further Advance Receivable Available Amount;
- (III) *third*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date the purchase price of Replacement Receivables (if any, and to the extent offered to the Issuer by the Seller) up to the Replacement Receivable Available Amount; and
- (IV) *fourth*, in the period from the Closing Date up to (and including) the Quarterly Payment Date immediately preceding the First Optional Redemption Date (a) the purchase price of Substitute Receivables if any, and to the extent offered to the Issuer by the Seller, up to the Substitute Receivable Available

Amount, or (b) to the extent that the Seller has not offered Substitute Receivables, or only part of the Substitute Receivable Available Amount is applied to purchase Substitute Receivables, at the option of the Issuer, retain part or all of the (remaining) Principal Available Funds and credit such funds to the Temporary Ledger, provided that the period during which the Temporary Ledger may show a positive balance shall not exceed three subsequent Quarterly Interest Periods ("**Restriction**");

in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full;

- (B) *second*, in redeeming, pro rata, the Senior Class A Notes until there are no Senior Class A Notes outstanding;
- (C) *third*, in redeeming, pro rata, the Mezzanine Class B Notes until there are no Mezzanine Class B Notes outstanding;
- (D) *fourth*, in redeeming, pro rata, the Junior Class C Notes until there are no Junior Class C Notes outstanding; and
- (E) *fifth*, in or towards payment of a Deferred Purchase Price Instalment.

### 7.3 **Redemption of Subordinated Class D Notes from Interest Available Funds only**

Principal Available Funds shall not be used to redeem the Subordinated Class D Notes because principal amounts due and payable under the Subordinated Class D Notes shall be paid from the Interest Available Funds.

### 7.4 **Note Principal Redemption Amount**

- (a) The principal amount so redeemable in respect of each Class of Notes (the "**Note Principal Redemption Amount**") shall be:
  - (i) the amount of Principal Available Funds on the Notes Calculation Date for that Quarterly Payment Date that can be applied in redemption of the Notes of that Class; and
  - (ii) for the Subordinated Class D Notes only, the amount of Interest Available Funds (after payment of all items with a higher priority of payment in the Interest Priority of Payments) on the Notes Calculation Date for that Quarterly Payment Date, that can be applied in redemption of the Subordinated Class D Notes.
- (b) Each Note shall be redeemed in an amount equal to:
  - (i) the Note Principal Redemption Amount for that Class; divided by
  - (ii) the number of Notes of that Class,rounded down to the nearest euro.

- (c) Following application of the Note Principal Redemption Amount to redeem a Note under this Condition 7 (*Redemption, Purchase and Cancellation*), the Principal Amount Outstanding of such Note shall be reduced accordingly.
- (d) Any excess Principal Available Funds available as a result of rounding following the application of the applicable Note Principal Redemption Amount to redeem a Note under Condition 7.2 (*Mandatory redemption in part*) shall remain in the Transaction Account and be aggregated with the Principal Available Funds in respect of the next Quarterly Payment Date.

**7.5 Note redemption determinations**

- (a) On each Notes Calculation Date, the Issuer Administrator shall determine:
  - (i) the Principal Available Funds;
  - (ii) the Interest Available Funds available for the redemption of the Subordinated Class D Notes (after payment of all items with a higher priority of payment in the Interest Priority of Payments);
  - (iii) the Note Principal Redemption Amount for each Class of Notes; and
  - (iv) the Principal Amount Outstanding of each Class of Notes,

and each such determination by or on behalf of the Issuer shall in each case (in the absence of manifest error) be final and binding on all persons.

- (b) Two (2) Business Days prior to the relevant Quarterly Payment Date, the Issuer Administrator shall notify the determination of:
  - (i) the Principal Available Funds for each Class of Notes;
  - (ii) the Interest Available Funds available for the redemption of the Subordinated Class D Notes (after payment of all items with a higher priority of payment in the Interest Priority of Payments);
  - (iii) the Note Principal Redemption Amount; and
  - (iv) the Principal Amount Outstanding of each Class of Notes,

to the Security Trustee, the Paying Agents, the Reference Agent, Euroclear Netherlands, Euroclear and/or Clearstream Luxembourg and, for as long as the Notes are listed on Euronext Amsterdam, to Euronext Amsterdam N.V., and the Noteholders, by an advertisement in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V.

- (c) If there is no Note Principal Redemption Amount to be applied to the Notes on any applicable Quarterly Payment Date, a notice to this effect will be given by the Issuer Administrator on behalf of the Issuer to the Noteholders in accordance with Condition 15 (*Notices*).
- (d) If the Issuer Administrator does not at any time for any reason determine:

- (i) the Principal Available Funds for each Class of Notes;
- (ii) the Interest Available Funds available for the redemption of the Subordinated Class D Notes;
- (iii) the Note Principal Redemption Amount; and
- (iv) the Principal Amount Outstanding of each Class of Notes,

such amounts shall be determined by the Security Trustee in accordance with this Condition 7 (*Redemption, Purchase and Cancellation*) and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of manifest error) be final and binding on all persons.

**7.6 Redemption of the Notes following the exercise of the Seller Clean-Up Option by the Seller**

- (a) The Mortgage Receivables Purchase Agreement provides that the Seller has the right (but not the obligation) to purchase all Mortgage Receivables on any Quarterly Payment Date (the "**Seller Clean-Up Option**") if:
  - (i) on such date the aggregate principal amount outstanding of all Portfolio Mortgage Loans does not exceed 10 per cent. of the aggregate principal amount outstanding of all Portfolio Mortgage Loans on the Closing Date; and
  - (ii) it has notified the Issuer on a date that is at least one (1) calendar month before the Quarterly Payment Date on which it intends to exercise the Seller Clean-Up Option.
- (b) If the Seller exercises the Seller Clean-Up Option as described under paragraph (a) of this Condition 7.6 (*Redemption of the Notes following the exercise of the Seller Clean-Up Option by the Seller*), the Issuer shall on the relevant Quarterly Payment Date redeem all (but not in part only) the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding, together with interest and other amounts (if any) accrued to the date fixed for redemption, after payment of all amounts that rank in priority to the Notes on such Quarterly Payment Date.

**7.7 Redemption of the Notes following the exercise of the Regulatory Call Option by the Seller**

- (a) The Mortgage Receivables Purchase Agreement provides that the Seller has the right (but not the obligation) to purchase all the Mortgage Receivables on any Quarterly Payment Date (the "**Regulatory Call Option**") if there is a change in:
  - (i) the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**");
  - (ii) the international, European or Netherlands law, regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank (*De Nederlandsche Bank N.V.*) (the "**DCB**");

- (iii) the regulations, rules and instructions on eligible collateral of the European Central Bank and/or the DCB (together, the "**Bank Regulations**") applicable to Rabobank and/or its members, subsidiaries and affiliates (Rabobank together with such members, subsidiaries and affiliates, the "**Rabobank Group**") (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord); or
- (iv) in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international or European central bank, the DCB or any other competent regulatory or supervisory authority),

which change the Seller could reasonably not have foreseen on the date of execution of the Mortgage Receivable Purchase Agreement and which change, in the opinion of the Seller has the effect of adversely affecting the rate of return on capital of Rabobank Group or increasing the cost or reducing the benefit to Rabobank Group or has a result that the Notes no longer qualify as eligible collateral under the regulations concerning eligible collateral of the European Central Bank and/or the DCB (each such change, a "**Regulatory Change**") *provided that* the Seller has notified the Issuer on a date that is at least one (1) calendar month before the Quarterly Payment Date on which it intends to exercise the Regulatory Call Option.

- (b) If the Seller exercises the Regulatory Call Option as described in paragraph (a) of this Condition 7.7 (*Redemption of the Notes following the exercise of the Regulatory Call Option by the Seller*), the Issuer shall on the relevant Quarterly Payment Date redeem all (but not in part only) the Notes except for the Subordinated Class D Notes, at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to the date fixed for redemption, after payment of all amounts that rank in priority to the Notes on such Quarterly Payment Date.

#### 7.8 **Optional redemption by the Issuer**

- (a) The Issuer has the right (but not the obligation) (the "**Issuer Call Option**") to redeem all (but not only part of) the Notes except for the Subordinated Class D Notes, on the First Optional Redemption Date and on any Quarterly Payment Date thereafter (each an "**Optional Redemption Date**").
- (b) The Issuer Call Option may only be exercised if the Issuer has given at least thirty (30) and not more than forty (40) days' written notice to the Security Trustee and the Noteholders in accordance with Condition 15 (*Notices*). The redemption of the Notes *except* for the Subordinated Class D Notes, under paragraph (a) of this Condition 7.8 (*Optional redemption by the Issuer*) will be:
  - (i) for an amount equal to the Principal Amount Outstanding of such Notes plus accrued but unpaid interest thereon; and
  - (ii) subject to the payment of all amounts that are due and payable in priority to such Notes in accordance with these Conditions.

- (c) The Issuer has the right (but not the obligation) to redeem all (but not only part of) the Notes except for the Subordinated Class D Notes, on any Quarterly Payment Date if and to the extent that (i) all of the Notes (including the Subordinated Class D Notes) are held by one single person (other than Euroclear Netherlands, Clearstream Luxembourg or Euroclear), and (ii) such person has granted its prior written consent to such redemption in full of such Notes.
- (d) The redemption of the Notes *except* for the Subordinated Class D Notes, under paragraph (c) of this Condition 7.8 (*Optional redemption by the Issuer*) will be:
  - (i) for an amount equal to the Principal Amount Outstanding of such Notes plus accrued but unpaid interest thereon; and
  - (ii) subject to the payment of all amounts that are due and payable in priority to such Notes in accordance with these Conditions.

#### 7.9 **Optional redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer (but the Issuer shall have no obligation to do so) in whole (but not in part) on any Quarterly Payment Date, provided that the Issuer gives not more than sixty (60) nor less than thirty (30) days' written notice to the Noteholders and the Security Trustee, at their Principal Amount Outstanding together with interest accrued up to and including the date of redemption, if, immediately prior to giving such notice, the Issuer has:

- (i) satisfied the Security Trustee that on the next proposed date of redemption, the Issuer:
  - (A) is or will be obliged to make any Tax Deduction from payments in respect of any Class of Notes; or
  - (B) has become or would become subject to any limitation of the deductibility of interest in respect of any Class of Notes,

as a result of any change in, or amendment to, the application of the laws or regulations of The Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation or limitation (as applicable) cannot be avoided by the Issuer taking reasonable measures available to it; and

- (ii) delivered to the Security Trustee before the giving of the notice referred to in this Condition 7.9 (*Optional redemption for tax reasons*), a certificate signed by the managing director of the Issuer to the effect that it will have the necessary funds, not subject to the interest of any other person, available for the purpose and to discharge any amounts required under the Interest Priority of Payments and Principal Priority of Payments to be paid in priority to, or *pari passu* with, the Notes.



#### 7.10 **No purchase by the Issuer**

The Issuer shall not purchase any of the Notes.

#### 7.11 **Cancellation**

All Notes redeemed under this Condition 7 (*Redemption, Purchase and Cancellation*) or otherwise surrendered under Condition 18 (*Replacement of Notes*) will be cancelled upon redemption or surrender and may not be resold or re-issued.

### 8. **TAXATION**

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

### 9. **PRESCRIPTION**

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

### 10. **SUBORDINATION**

#### 10.1 **Subordination of the payment of interest**

- (a) Interest on the Notes shall be payable in accordance with the provisions of Condition 5 (*Interest*) and Condition 6 (*Payment*), subject to the terms of these Conditions and the terms of the Trust Deed.
- (b) If on any Quarterly Payment Date, the Issuer has insufficient Interest Available Funds to pay all amounts then due and payable, it shall be under no obligation to pay any interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remains unpaid as a result of there being insufficient Interest Available Funds on any Quarterly Payment Date.
- (c) If on any Quarterly Payment Date, the Issuer has insufficient Interest Available Funds to pay all amounts then due and payable, the Interest Available Funds that are available on such date shall be applied in accordance with the applicable Priority of Payments and only if and to the extent that payments or provisions of a higher order or priority have been made in full.

#### 10.2 **Subordination of the payment of principal – the Mezzanine Class B Notes**

- (a) Until all the Senior Class A Notes have been redeemed in full, principal amounts shall not be due and payable under the Mezzanine Class B Notes.

- (b) On or after the date on which all the Senior Class A Notes have been redeemed in full, the Mezzanine Class B Notes will be redeemed in accordance with the provisions of Condition 7 (*Redemption, Purchase and Cancellation*), provided that if, on any Quarterly Payment Date, there is a balance on the Mezzanine Class B PDL, then the amount due and payable in respect of the redemption of principal under a Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less any applicable Principal Shortfall on such date.

**10.3 Subordination of the payment of principal – the Junior Class C Notes**

- (a) Until all the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full, principal amounts shall not be due and payable under the Junior Class C Notes.
- (b) On or after the date on which all the Senior Class A Notes have been redeemed in full and the Mezzanine Class B Notes have been redeemed in full, the Junior Class C Notes will be redeemed in accordance with the provisions of Condition 7 (*Redemption, Purchase and Cancellation*), provided that if, on any Quarterly Payment Date, there is a balance on the Junior Class C PDL, then the amount due and payable in respect of the redemption of principal under a Junior Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less any applicable Principal Shortfall on such date.

**10.4 Subordination of the payment of principal – the Subordinated Class D Notes**

- (a) Principal amounts due under the Subordinated Class D Notes shall be made from Interest Available Funds only.
- (b) If on any Notes Calculation Date all interest and principal due and payable in respect of the Notes except for principal amounts due and payable under the Subordinated Class D Notes, have been paid or will be available for payment in full on the Quarterly Payment Date immediately following such Notes Calculation Date, then the Reserve Account Target Level will be reduced to zero. In such circumstances, all amounts standing to the credit of the Reserve Account will be credited to the Transaction Account, and form part of, the Interest Available Funds and will be available to redeem or partially redeem the Subordinated Class D Notes until fully redeemed in accordance with the Interest Priority of Payments.

**10.5 Excess funds in the Reserve Account**

If the balance standing to the credit of the Reserve Account on any Notes Calculation Date exceeds the Reserve Account Target Level, such excess amounts shall be drawn from the Reserve Account on the next following Quarterly Payment Date and be credited to the Transaction Account and form part of the Interest Available Funds.

**11. LIMITED RECOURSE AND NON-PETITION**

**11.1 Limited recourse**

- (a) The recourse of the Noteholders against the Issuer is limited, as more particularly described in these Conditions, the Trust Deed and the Pledge Agreements.

- (b) The Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding due and payable under the Notes after the earlier of:
  - (i) the Final Maturity Date;
  - (ii) the date on which a Note is redeemed in full; and
  - (iii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Accounts and the Liquidity Facility Stand-by Drawing Account.
- (c) Each of the Noteholders agrees with the Issuer and Security Trustee that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse such that the only assets of the Issuer available to meet the claims of, amongst others, the Noteholders, will be the assets subject to the relevant Security.
- (d) Any claim remaining unsatisfied after the realisation of the Security and the application of the proceeds thereof in accordance with the applicable Priority of Payments shall be extinguished and the Noteholders shall have no rights in respect of any such claims. In such circumstances, the Notes shall be surrendered in accordance with Condition 6 (*Payment*) and cancelled in accordance with Condition 7 (*Redemption, Purchase and Cancellation*).

## 11.2 **Non-petition**

- (a) Except as provided in Condition 13 (*Enforcement*), no Noteholder or any of the other Secured Parties, shall be entitled to take any steps:
  - (i) to direct the Security Trustee to enforce the relevant Security;
  - (ii) to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;
  - (iii) to initiate or join any person in initiating against the Issuer any bankruptcy, winding-up, dissolution, reorganisation, arrangement, insolvency, liquidation or any other proceedings having a similar effect until the expiry of a period of 1 (one) year after the last maturing Note is paid in full; or
  - (iv) to take any steps or proceedings that would result in the Priority of Payments not being observed.

## 12. **EVENTS OF DEFAULT**

### 12.1 **Determination of an Event of Default**

- (a) Subject to Condition 12.2 (*Enforcement Notice as between each Class of Notes*) and Condition 12.3 (*Events of Default*) below, the Security Trustee:
  - (i) *may*, in its absolute discretion; or
  - (ii) *shall*, if it has been directed by an Extraordinary Resolution of:

- (A) the Senior Class A Noteholders;
- (B) if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders;
- (C) if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Junior Class C Noteholders; or
- (D) if no Senior Class A Notes, Mezzanine Class B Notes and Junior Class C Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class D Noteholders,

(in each case, the "**Relevant Class**") provided that, if any of the events specified in paragraph (ii) of Condition 12.3 (*Events of Default*) have occurred, then only if the Security Trustee has certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class; and

- (iii) subject, in each case, to being indemnified to its satisfaction,

deliver a written notice (an "**Enforcement Notice**") to the Issuer declaring the Notes to be due and payable, upon the occurrence of any of the events specified in Condition 12.3 (*Events of Default*), below.

#### 12.2 **Enforcement Notice as between each Class of Notes**

- (a) If any Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders, the Junior Class C Noteholders or the Subordinated Class D Noteholders unless the Security Trustee has been directed to issue an Enforcement Notice pursuant to an Extraordinary Resolution of the Senior Class A Noteholders.
- (b) If any Mezzanine Class B Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Junior Class C Notes or the Subordinated Class D Notes irrespective of whether an Extraordinary Resolution is passed by the Junior Class C Noteholders or the Subordinated Class D Noteholders unless the Security Trustee has been directed to issue an Enforcement Notice pursuant to an Extraordinary Resolution of the Mezzanine Class B Noteholders.
- (c) If any Junior Class C Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Subordinated Class D Notes irrespective of whether an Extraordinary Resolution is passed by the Subordinated Class D Noteholders unless the Security Trustee has been directed to issue an Enforcement Notice pursuant to an Extraordinary Resolution of the Junior.

#### 12.3 **Events of Default**

The occurrence of any of the following events shall be an "**Event of Default**":

- (i) a default by the Issuer for a period of fifteen (15) days in the payment of any amount that is due and payable by it under any Class of Notes;
- (ii) the Issuer fails to perform any of its other obligations binding on it under the Notes, the Trust Deed, the Pledge Agreements or any other Transaction Document, and such failure:
  - (A) is in the reasonable opinion of the Security Trustee, incapable of remedy; or
  - (B) being a failure, which is in the reasonable opinion of the Security Trustee, capable of remedy, but which remains unremedied for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied;
- (iii) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days;
- (iv) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution, liquidation or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets;
- (v) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (vi) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt.

#### 12.4 **Acceleration**

Upon delivery of an Enforcement Notice, the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest up to (but excluding) the date on which all principal, interest and other amounts (if any) are paid in full.

### 13. **ENFORCEMENT**

- (a) If at any time an Event of Default occurs and an Enforcement Notice has been delivered pursuant to Condition 12 (*Events of Default*), the Security Trustee may, in its absolute discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce its rights under and in accordance with the Trust Deed, the Pledge Agreements and other Transaction Documents (including a demand for payment under such agreements), but it shall not be bound to take such proceedings unless:
  - (i) the Security Trustee receives such directions pursuant to an Extraordinary Resolution of:
    - (A) the Senior Class A Noteholders;

- (B) if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders;
  - (C) if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Junior Class C Noteholders; or
  - (D) if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes have been fully paid, the Subordinated Class D Noteholders; and
- (ii) the Security Trustee is indemnified to its satisfaction for any action it may take under this Condition.
- (b) No Noteholder shall be entitled to take any proceedings or other action directly against the Issuer except if the Security Trustee having become bound to take action pursuant to paragraph (a) of this Condition 13 (*Enforcement*), fails to do so within a reasonable time and such failure is continuing.

#### 14. THE SECURITY TRUSTEE

##### 14.1 Rights, limitation of liability and indemnity

The Trust Deed contains provisions:

- (i) giving various powers, authorities and discretions to the Security Trustee in addition to those contained elsewhere in these Conditions;
- (ii) specifying various matters in respect of which the Security Trustee is to have:
  - (A) no duty or responsibility to make any investigation; and
  - (B) no liability or responsibility to the Noteholders or any of the other Secured Parties in the absence of wilful default and gross negligence; and
- (iii) entitling the Security Trustee to indemnification or providing that it is not obliged to take any action at the direction of any person unless it has been indemnified or otherwise secured to its satisfaction.

##### 14.2 Noteholder interests as a class, no indemnity to Noteholders

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 14 (*The Security Trustee*)) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, each as a Class, and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

##### 14.3 Noteholder interests

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee under the Trust Deed and the other Transaction Documents, except where expressly provided otherwise.

#### 14.4 **Conflict between Noteholder interests**

If, in relation to the exercise or performance of any of trusts, powers, authorities, duties, discretions and obligations of the Security Trustee described in Condition 14.3 (*Noteholder interests*), the Security Trustee is of the opinion that there is or may be a conflict:

(i) between the interests of:

(A) the Senior Class A Noteholders; and

(B) the other Noteholders;

the Security Trustee shall have regard only to the interests of the Senior Class A Noteholders;

(ii) if there are no Senior Class A Notes outstanding, between the interests of:

(A) the Mezzanine Class B Noteholders; and

(B) the other Noteholders;

the Security Trustee shall have regard only to the interests of the Mezzanine Class B Noteholders;

(iii) if there are no Senior Class A Notes outstanding and no Mezzanine Class B Notes outstanding between the interests of:

(A) the Junior Class C Noteholders; and

(B) the other Noteholders;

the Security Trustee shall have regard only to the interests of the Junior Class C Noteholders.

#### 14.5 **Interests of Secured Parties**

In addition to the Noteholders, the Security Trustee shall have regard to the interests of the Secured Parties, provided that, if there is a conflict of interest between such Secured Parties, the applicable Priority of Payments shall determine which interests shall prevail.

### 15. **NOTICES**

#### 15.1 **Valid notices**

Unless stated otherwise in these Conditions all notices to the Noteholders and the holders of Coupons pertaining thereto will only be valid if published in the English language in

at least one (1) daily newspaper of wide circulation in The Netherlands, or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, for as long as the Notes are listed on Euronext Amsterdam, in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V. Any such notice shall be deemed to have been given on the first date of such publication.

#### 15.2 Notices whilst the EN Notes are in global form

- (a) For so long as any of the Notes are represented by a Global Note and such Global Note is held by Euroclear Netherlands, notices to holders of EN Notes may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders rather than by publication as required by Condition 15.1 (*Valid notices*).
- (b) Any notice delivered to Euroclear Netherlands shall be deemed to have been given to the holders of the EN Notes on the date on which such notice is delivered to Euroclear Netherlands. So long as the Notes are listed on Euronext Amsterdam and its rules so require, notices will also be published in the English language in at least 1 (one) daily newspaper of wide circulation in The Netherlands.

#### 15.3 Notices whilst the CD Notes are in global form

- (a) For so long as all of the CD Notes are represented by the CD Global Notes and such CD Global Notes are held on behalf of Euroclear and/or Clearstream Luxembourg, notices to the holders of CD Notes may be given by delivery of the relevant notice to Euroclear and/or Clearstream Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 15.1 (*Valid notices*).
- (b) Any notice delivered to Euroclear and/or Clearstream Luxembourg (as the case may be) shall be deemed to have been given to the holders of the CD Notes on the next following Business Day after the day on which such notice is delivered to Euroclear and/or Clearstream Luxembourg (as the case may be) as aforesaid.

#### 15.4 Other methods for notices

The Security Trustee may approve any other method of giving notice to Noteholders which is, in its opinion, reasonable having regard to market practice then prevailing and the requirements of Euronext Amsterdam.

### 16. MEETINGS OF NOTEHOLDERS

#### 16.1 Convening

The Trust Deed contains provisions governing the procedures, constitution and validity of meetings of the Noteholders, including (i) provisions for written resolutions, (ii) provisions for convening separate meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated



Class D Noteholders, to consider matters affecting their interests, including the modification of the provisions of these Conditions, the Trust Deed, the Pledge Agreements or the other Transaction Documents, and (iii) the making of determinations by extraordinary resolution of the Noteholders, or Noteholders of a Class (an "**Extraordinary Resolution**").

#### 16.2 **Request for Meeting**

The Security Trustee shall convene a Meeting at the request of the Issuer or the Noteholders of any Class holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes of such Class.

#### 16.3 **Quorum and passing of Extraordinary Resolutions**

- (a) The quorum required for any Meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two (2) or more persons holding at least 66 $\frac{2}{3}$  per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a Meeting an Extraordinary Resolution shall be adopted with a majority of not less than 66 $\frac{2}{3}$  per cent. of the votes validly cast except that if the Extraordinary Resolution includes or concerns the sanctioning of a Basic Terms Change, then the quorum for any Class of Notes will be two or more persons holding at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class, and the majority required to adopt such Extraordinary Resolution at such Meeting shall be a majority of not less than 75 per cent. of the votes validly cast.
- (b) If in such circumstances described in paragraph (c) of this Condition, the required quorum is not satisfied, a second meeting of Noteholders shall be held within one (1) month of the first Meeting, with due observance of the same formalities for convening the meeting which governed the convening of the first Meeting (the "**Second Meeting**"). At the Second Meeting, the quorum required to consider an Extraordinary Resolution for any Class of Notes will be two (2) or more persons irrespective of the Principal Amount Outstanding of the Notes held by them except that if the Extraordinary Resolution concerns the removal and replacement of any or all of the managing directors of the Security Trustee, then the quorum will be two (2) or more persons holding at least 30 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class. In such circumstances, the majority required to adopt an Extraordinary Resolution shall be a majority of not less than 66 $\frac{2}{3}$  per cent. of the votes validly cast except that if the Extraordinary Resolution includes or concerns the sanctioning of a Basic Terms Change, then the majority required for an Extraordinary Resolution to be adopted shall be a majority of not less than 75 per cent. of the votes validly cast.
- (c) If any Class of Notes is held by a single Noteholder, a single voter in relation to such Class shall be deemed to be two (2) voters for the purpose of forming a quorum.

#### 16.4 **Sanctioning changes and a Basic Terms Change**

Without prejudice to Condition 17 (*Modification and Waiver of Breach*), any change to the Notes, the Trust Deed, the Pledge Agreements or any of the other Transaction Documents, may only be sanctioned by an Extraordinary Resolution, provided that a

Basic Terms Change shall only be effective if it is sanctioned by an Extraordinary Resolution of the holders of each Class of Notes except that if the Security Trustee is of the opinion that such a Basic Terms Change:

- (i) is being proposed by the Issuer as a result of, or in order to avoid an Event of Default; and
  - (ii) will not adversely affect the then current ratings assigned to the Notes,
- then, no such Extraordinary Resolution is required.

**16.5 Extraordinary Resolutions and relationship between each Class of Notes**

(a) An Extraordinary Resolution of the Mezzanine Class B Noteholders shall only be effective if:

- (i) the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders; or
- (ii) if such Extraordinary Resolution is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders.

(b) An Extraordinary Resolution of the Junior Class C Noteholders shall only be effective if:

- (i) the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders; or
- (ii) if such Extraordinary Resolution is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and the Mezzanine Class B Noteholders.

(c) An Extraordinary Resolution of the Subordinated Class D Noteholders shall only be effective if:

- (i) the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Junior Class C Noteholders; or
- (ii) if such Extraordinary Resolution is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Junior Class C Noteholders.

**16.6 Exercise of powers of Senior Class A Noteholders**

The Trust Deed imposes no limitations as set out in Condition 16.5 (*Extraordinary Resolutions and relationship between each Class of Notes*) on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.

**16.7 Resolutions binding between Noteholders of each Class**

All resolutions duly passed at a Meeting of:

- (i) the Senior Class A Noteholders;
- (ii) the Mezzanine Class B Noteholders;
- (iii) the Junior Class C Noteholders; or
- (iv) the Subordinated Class D Noteholders,

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

In addition, a resolution in writing signed by or on behalf of all Noteholders of a particular class of Notes who for the time being are entitled to receive notice of a meeting of Noteholders of such class will take effect as if it were an Extraordinary Resolution of the holders of such Class of Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders of the relevant Class of Notes (as the case may be). For the avoidance of doubt convening requirements as set out above are not applicable when the written resolution is signed by or on behalf of all Noteholders of the relevant Class of Notes.

## 17. **MODIFICATION AND WAIVER OF BREACH**

### 17.1 **Modification**

- (a) The Security Trustee may agree, without the consent of the Noteholders, to any modification (other than a Basic Terms Change) to any of the provisions of the Notes, the Trust Deed, the Pledge Agreements or any of the other Transaction Documents (including but not limited to any Margin Reset Swap Amendment) if, in the opinion of the Security Trustee:
  - (i) it is not materially prejudicial to the interests of the Noteholders of any Class; or
  - (ii) is to correct a manifest error, or is of a formal, minor or technical nature.

### 17.2 **Breach**

The Security Trustee may, without the consent of the Noteholders and if in its opinion it will not be materially prejudicial to the interests of the Noteholders of any Class:

- (i) authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of any Transaction Document; and
- (ii) determine that an actual or potential Event of Default or actual or potential breach of the Conditions shall not, or shall not subject to specified conditions, be treated as such,

provided that in each case:

- (A) the Security Trustee has notified Moody's; and

- (B) the Security Trustee has determined that the then current rating of the Notes will not be adversely affected by any such authorisation, determination or waiver.

**17.3 Binding nature**

Any modification, waiver, authorisation or determination made by the Security Trustee pursuant to this Condition 17 (*Modification and Waiver of Breach*) shall be binding on the Noteholders.

**17.4 Notification to Noteholders**

If the Security Trustee requires that the relevant modification, waiver, authorisation or determination made under Condition 17.3 (*Binding nature*) be notified to the Noteholders, then the Issuer shall make such notification in accordance with Condition 15 (*Notices*), as soon as is practicable thereafter.

**18. REPLACEMENT OF NOTES**

- (a) If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the relevant 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.
- (b) Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, and in the case of Coupons together with the Note to which they appertain and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

**19. GOVERNING LAW AND JURISDICTION**

**19.1 Governing law**

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

**19.2 Jurisdiction**

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

**Initial Specified Office**

**CD PRINCIPAL PAYING AGENT**  
**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street, London EC2N 2DB  
United Kingdom

**CD PAYING AGENT**

**Deutsche Bank AG, Amsterdam Branch**

Herengracht 450-454

1017 CA Amsterdam

The Netherlands

**EN PRINCIPAL PAYING AGENT**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**, trading as **Rabo Securities**

Croeselaan 18 (UC R 214)

3521 CB Utrecht

The Netherlands

**EN PAYING AGENT**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**, trading as **Rabo Securities**

Croeselaan 18 (UC-O-331)

3521 CB Utrecht

The Netherlands

## THE GLOBAL NOTES

### 1. GLOBAL NOTES

Title to the Global Notes will pass by delivery. The holder of any Global Note may (except as ordered by a court of a competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Security Trustee and each Paying Agent as the absolute owner of the Global Note for the purposes of making payments thereon and none of the Issuer, the Security Trustee and each Paying Agent shall be liable for so treating such holder.

### 2. EN NOTES

The EN Notes will initially be represented by an EN Temporary Global Note without coupons or talons attached. The EN Temporary Global Note will be deposited with Euroclear Netherlands on or about the Closing Date.

Upon deposit of the EN Temporary Global Note, Euroclear Netherlands will credit the accounts of the admitted institutions (*aangesloten instellingen*), which will credit the account of each purchaser of the Notes (represented by the EN Temporary Global Note) with the principal amount equal to the principal amount thereof for which it is purchased and paid.

The EN Temporary Global Note will be exchangeable on the Exchange Date, upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear Netherlands, for interests in an EN Permanent Global Note for the Senior Class of A Notes, in bearer form without coupons or talons, in the principal amount of the Notes.

On exchange of the EN Temporary Global Note for the EN Permanent Global Note, the EN Permanent Global Note will remain deposited with Euroclear Netherlands.

A holder of an EN Note does not have the right to request withdrawal (*uitlevering*) of the EN Permanent Global Note. Interests in the EN Permanent Global Note will not be exchangeable (*omwisselbaar*) for definitive notes. Each of the persons shown in the records of Euroclear Netherlands or its admitted institutions (*aangesloten instellingen*) as the holder of an EN Note will be entitled to receive any payment made in respect of that EN Note in accordance with the respective rules and procedures of Euroclear Netherlands. Such persons will have no claim directly against the Issuer in respect of payments due on any EN Note which must be made by the holder of the relevant EN Global Note if for so long as such EN Global Note is outstanding. Each person must give a certificate as to non-US beneficial ownership as of the date on which the Issuer is obliged to exchange the EN Temporary Global Note for the EN Permanent Global Note, which date shall be no earlier than the Exchange Date and the first Quarterly Payment Date.

For so long as any EN Note is represented by an EN Global Note deposited with Euroclear Netherlands, then such EN Note will be transferable in accordance with the rules and procedures for the time being of Euroclear Netherlands.

For so long as any EN Notes are represented by an EN Global Note deposited with Euroclear Netherlands, then each person who is for the time being shown in the records of Euroclear Netherlands or an admitted institution (*aangesloten instelling*), as the holder of a particular Principal Amount Outstanding of those Notes, for which purpose any certificate or letter

confirmation (or other form of record made by them) as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be treated by the Issuer and the Security Trustee and all other persons as a holder of that particular Principal Amount Outstanding of those Notes for all purposes, other than the right to payments in respect of those Notes which shall be vested, as against the Issuer solely in the bearer of the relevant Global Notes and who shall be regarded as the "Noteholder" for that purpose. Any statement in writing issued by Euroclear Netherlands as to the persons shown in its records as being entitled to such Notes and the respective Principal Amount Outstanding of such Notes held by them shall be conclusive for all purposes.

Notwithstanding Condition 15 (*Notices*) of the Notes, if any EN Note is represented by an EN Global Note and such EN Global Note is deposited with Euroclear Netherlands, notices to holders of EN Notes may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders (provided that if any publication is required by a stock exchange, such stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange is met) and, in any case, such notices shall be deemed to have been given to the holders of EN Notes in accordance with Condition 15 (*Notices*) of the Notes on the next following Business Day after the day on which such notice is delivered to Euroclear Netherlands.

### 3. CD NOTES

The CD Notes will initially be represented by a CD Temporary Global Note deposited with the CD Common Depository on or about the Closing Date.

Each such CD Temporary Global Note will be exchangeable on the Exchange Date and the commencement of the offering of the Notes upon receipt by the Issuer of certification of non-US beneficial ownership from Euroclear or Clearstream Luxembourg, as appropriate, for interests in a CD Permanent Global Note for the relevant Class of CD Notes. On the exchange of a CD Temporary Global Note for a CD Permanent Global Note of the relevant class, the CD Permanent Global Note will remain deposited with the CD Common Depository. The Permanent CD Global Note will be exchangeable for Definitive Notes (as defined below) only in the limited circumstances described below.

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

If after the Exchange Date (i) the CD 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 (fourteen) 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 the CD Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the CD

Notes which would not be required were the CD Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Class B Definitive Notes;
- (ii) Class C Definitive Notes; and
- (iii) Class D Definitive Notes.

Title to the Definitive Notes and Coupons will pass by delivery (*levering*). The holder of any Definitive Note or Coupon may, to the fullest extent permitted by applicable law, be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Notes, as the absolute owner of that Definitive Note or Coupon regardless of any notice of ownership, destruction, theft or loss or of any trust or other interest in it or any writing on it. The holder of any Coupon (whether or not such Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the Note.

Notwithstanding Condition 15 (*Notices*) of the Notes, if any CD Notes are represented by the CD Global Notes and such CD Global Notes are deposited with Euroclear and/or Clearstream Luxembourg, notices to the holders of CD Notes may be given by delivery of the relevant notice to Euroclear and/or Clearstream Luxembourg (as the case may be) for communication to the relevant accountholders (provided that if any publication is required by a stock exchange, such stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange is met) and, in any case, such notices shall be deemed to have been given to the holders of CD Notes in accordance with Condition 15 (*Notices*) of the Notes on the next following Business Day after the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be).



## TAXATION IN THE NETHERLANDS

The following summary outlines certain Netherlands tax consequences to holders of the Notes. The following summary is based on the current law and practice of The Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences.

**Prospective holders of Notes who may be in any doubt as to their respective tax positions should consult their own professional advisors.**

### **Withholding Tax**

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

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

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

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

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

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

No gift, estate or inheritance taxes will arise in The Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident, deemed to be resident nor treated (at the request of the beneficiar(y)(ies) of the gift or estate) as resident in The Netherlands, unless:

- (a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which

enterprise or part of an enterprise, as the case may be, the Notes are or were attributable;  
or

- (b) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

### **Turnover Tax**

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

### **Other Taxes and Duties**

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

### **European Union Tax Considerations**

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

## PURCHASE AND SALE OF NOTES

Rabobank International (the "**Manager**") has pursuant to a subscription agreement dated on or before the Closing Date between the Manager, the Issuer, the Security Trustee and the Seller (the "**Subscription Agreement**"), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their issue price.

The Issuer has agreed to indemnify the Manager against certain liabilities and expenses in connection with the Issue of the Notes.

### **European Economic Area**

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

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000,; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Manager; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 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 and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **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 meanings given to them by Regulation S.

The Notes 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 a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period 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.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Neither the US Securities and Exchange Commission, nor any state securities commission or any other regulatory authority, has approved or disapproved the Notes or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

### **United Kingdom**

The 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 any 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 the Notes in circumstances in which Section 21(1) of the FSMA does not 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 the Notes in, from or otherwise involving the United Kingdom.

### **General**

This Prospectus is not an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Prospectus 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 by the Issuer and the Manager to inform themselves about, and to observe, any such restrictions. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 14 December 2007.
2. The Notes will be obligations of the Issuer only. In particular, the Notes will not be guaranteed by, or be the responsibility of, any other entity or person, including, without limitation, any of the other parties to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the other parties to the Transaction Documents. None of the Secured Parties or any other entity or person will be under any obligation whatsoever to provide additional funds to the Issuer.
3. Application has been made to list the Notes on Euronext Amsterdam. So long as any of the Notes are listed on Euronext Amsterdam and the rules of Euronext Amsterdam shall so require, the Issuer will maintain a paying agent in The Netherlands, which is expected to be Deutsche Bank AG, Amsterdam Branch.
4. The CD Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg. The Common Code and International Securities Identification Number in respect of such Notes are as follows:

	<b>Common Code</b>	<b>ISIN</b>	<b>Fondscore</b>
Mezzanine Class B Notes	033438826	XS0334388260	614612
Junior Class C Notes	033438842	XS0334388427	614613
Subordinated Class D Notes	033438877	XS0334388773	614614

The EN Notes have been accepted for clearance through Euroclear Netherlands. The Fondscore, Common Code and International Securities Identification Number in respect of such Notes are as follows:

	<b>Common Code</b>	<b>ISIN</b>	<b>Fondscore</b>
Senior Class A Notes	033437471	NL0006146029	614602

5. The address of the clearing system Euroclear Netherlands is Damrak 70, 1012 LM Amsterdam, The Netherlands, the address of the clearing system Euroclear is 1 Boulevard du Roi, Albert 11, B-1210 Brussels, Belgium and the address of the clearing system Clearstream Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.
6. Since the last 12 months, there have not been any governmental, legal or arbitration proceedings (including, as far as the Issuer is aware, any such proceedings which are pending or threatened against the Issuer), which may have or have had significant effects on the Issuer's financial position or profitability.

7. Copies of the following documents may be inspected at the offices of the Security Trustee and the Specified Office of each Paying Agent during normal business hours:
  - (a) this Prospectus;
  - (b) the Account Bank Agreement;
  - (c) the articles of association (*statuten*) of the Security Trustee;
  - (d) the Deed of Incorporation of the Issuer;
  - (e) the Issuer Administration Agreement;
  - (f) the Issuer Rights Pledge Agreement;
  - (g) the Issuer Management Agreement;
  - (h) the Liquidity Facility Agreement;
  - (i) the Master Definitions and Framework Agreement;
  - (j) the Mortgage Receivables Pledge Agreement;
  - (k) the Mortgage Receivables Purchase Agreement;
  - (l) the Paying Agency Agreement;
  - (m) the Security Trustee Management Agreement;
  - (n) the Servicing Agreement;
  - (o) the Shareholder Management Agreement;
  - (p) the Subscription Agreement;
  - (q) the Sub-Participation Agreement;
  - (r) the Swap Agreement; and
  - (s) the Trust Deed.
8. The articles of association (*statuten*) of the Issuer are incorporated herein by reference. A free copy of the Issuer's articles of association is available at the office of the Issuer during normal business hours.
9. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the Specified Office of each Paying Agent during normal business hours.
10. Ernst and Young Accountants has given and has not withdrawn its written consent to include their report in this Prospectus in the form and context in which it appears.
11. Each individual auditor to the Issuer is a member of the Royal NIVRA (*Koninklijk Nederlands Instituut voor Registeraccountants*).

12. There has been no significant change in the financial or trading position of the Issuer since 4 December 2007.
13. There has been no material adverse change in the prospects of the Issuer since 4 December 2007.
14. The estimated aggregate costs of the transaction described in this Prospectus amount to 0.01 per cent. of the proceeds of the Notes. The estimated aggregate costs of admitting the Notes to trading amounts to €21,000.
15. This Prospectus constitutes a prospectus for the purpose of the Rules set forth in Euronext Rule Book, Book 1 (Harmonised Market Rules) Euronext Amsterdam and for the purposes of the Prospectus Directive.
16. The aggregate principal amount of the Notes to be issued on or about the Closing Date shall be €30,000,000,000.
17. This Prospectus has been approved by the AFM in accordance with Article 5:2 of the FMSA.
18. The Issuer is responsible for all the information contained in this Prospectus other than the information referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Seller is responsible, 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 responsibility accordingly.

The Seller is responsible solely for the information contained in this Prospectus in the sections entitled *Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Overview of the Dutch Residential Mortgage Market, Description of Portfolio Mortgage Loans and Mortgage Loans and Mortgage Loan Underwriting and Servicing*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information and consequently the Seller *does not assume any liability in respect of any other information contained in this Prospectus*.

19. Information in this Prospectus that has been sourced from a third party has been accurately reproduced, and as far as the Issuer and the Seller are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
20. 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 in this Prospectus is correct at any time after the date of this Prospectus. The Issuer and the Seller have no obligation to update this Prospectus, except when required pursuant to the FMSA or any other regulations, laws or rules in force, from time to time.
21. 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 or the Manager.

22. The Manager and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. An investor should review, amongst other things, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes. In addition, an investor should make its own determination of the suitability of any such investment in the Notes with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment.
23. The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Floating Rate GIC and the Swap Agreement and drawings under the Liquidity Facility Agreement, to make payments of, *inter alia*, principal and interest due in respect of the Notes. These sources have in the opinion of the Issuer characteristics that demonstrate capacity to service payments of principal and interest when due and payable under the Notes, although no guarantee can be given that the actual payments received by the Issuer will be sufficient to make such payments under the Notes.



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