

Delphinus 2001-I B.V.

(incorporated with limited liability in the Netherlands)

Euro 703,000,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2066, issue price 100 per cent.
Euro 200,000,000 5.72 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2066, issue price 100 per cent.
Euro 40,500,000 6.13 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2066, issue price 100 per cent
Euro 12,000,000 6.75 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2066, issue price 100 per cent.
Euro 5,000,000 Subordinated Class D Notes 2001 due 2066, issue price 100 per cent.

Application has been made to list the euro 703,000,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A1 Notes**'), the euro 200,000,000 5.72 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A2 Notes**'), together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 40,500,000 6.13 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2066 (the '**Mezzanine Class B Notes**'), the euro 12,000,000 6.75 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2066 (the '**Junior Class C Notes**'), and the euro 5,000,000 Subordinated Class D Notes 2001 due 2066 (the '**Subordinated Class D Notes**'), and together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the '**Notes**') on the Official Segment of the stock market of Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). This Offering Circular constitutes a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam. The Notes are expected to be issued on 25 June 2001.

Payments of interest on the Senior Class A1 Notes and the Subordinated Class D Notes will be made quarterly in arrears on each Quarterly Payment Date (as defined herein). The rate of interest will be for the Senior Class A1 Notes three months Euribor plus a margin of 0.27 per cent per annum, and for the Subordinated Class D Notes three months Euribor plus a margin of 4.00 per cent. per annum. Payments of interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes will be made annually in arrears on each Annual Payment Date (as defined herein). The rate of interest will be for the Senior Class A2 Notes 5.72 per cent. per annum, for the Mezzanine Class B Notes 6.13 per cent. per annum and for the Junior Class C Notes 6.75 per cent. per annum. If following 25 June 2011 the Notes of any Class have not been redeemed in full, the interest applicable to the relevant Class of Notes will be equal to the sum of three months Euribor, plus a margin which will be for the Senior Class A Notes 1.00 per cent. per annum, for the Mezzanine Class B Notes 1.75 per cent per annum and for the Junior Class C Notes 3.00 per cent. per annum, payable quarterly in arrears on each Quarterly Payment Date.

The Notes are scheduled to mature on 25 June 2066. On 25 September 2004 and each Quarterly Payment Date thereafter, the Senior Class A1 Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with, the Terms and Conditions of the Notes (the '**Conditions**') and on each Quarterly Payment Date the Subordinated Class D Notes will be subject to mandatory partial redemption in the limited circumstances set out in the Conditions. On 25 June 2011 and each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) of the Notes, other than the Class D Notes, at their Principal Amount Outstanding, subject to and in accordance with the Conditions. Unless previously redeemed in full, the Notes of the relevant Class will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with, the Conditions on each Optional Redemption Date.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned a 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**') and a 'AAA' rating by Fitch Ratings Ltd. ('**Fitch**'), the Mezzanine Class B Notes, on issue, be assigned at least an 'A1' rating by Moody's and an 'A' rating by Fitch and the Junior C Notes, on issue, be assigned at least a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch. Furthermore, it is expected that the Subordinated Class D Notes will, on issue, be assigned a 'Ba1' rating by Moody's and a 'BB' rating by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see section Special Considerations herein.

The Notes will be secured directly by a deed of surety from Stichting Security Trustee Delphinus 2001-I (the '**Security Trustee**'), and indirectly by a pledge over the Mortgage Receivables and the Beneficiary Rights (as described below) and a pledge over all the assets of the Issuer. The right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be subordinated and may be limited as more fully described herein.

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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Replacement Liquidity Facility Provider, the Participants, the Floating Rate GIC Provider, the Replacement Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider (each as defined herein), or except for certain limited obligations under the Deed of Surety (as defined below) to – inter alia – the holders of the Notes (the '**Noteholders**') and the Security Trustee. Furthermore, none of the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Replacement Liquidity Facility Provider, the Participants, the Floating Rate GIC Provider, the Replacement Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider or any other person, in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Replacement Liquidity Facility Provider, the Participants, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Principal Paying Agent, the Paying Agent, the Reference Agent or the Put Option Provider will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Senior Class A1 Managers

RABOBANK INTERNATIONAL

ABN AMRO Bank N.V.

CIBC World Markets plc

ARTESIA Banking Corporation N.V.-S.A.

NIB Capital Bank N.V.

FORTIS BANK

BNP Paribas

Managers to Senior Class A2 Notes, Mezzanine Class B Notes and Junior Class C Notes

RABOBANK INTERNATIONAL

FORTIS BANK

Subordinated Class D Manager

RABOBANK INTERNATIONAL

The Issuer is responsible for the information contained in this Offering Circular 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Offering Circular: *Overview of the Netherlands Residential Mortgage Market, Fortis and ASR, Description of Mortgage Loans, Municipality/NHG Guarantee Programme and Mortgage Loan Underwriting and Servicing.*

This Offering Circular is to be read in conjunction with the document which is deemed to be incorporated herein by reference (see section *General Information* below). This Offering Circular shall be read and construed on the basis that such document is incorporated in and forms part of this Offering Circular.

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

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this 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 Offering Circular is set out in the section entitled *Purchase and Sale* below. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular in accordance with applicable laws and regulations.

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

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

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

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to U.S. persons (see section *Purchase and Sale* below).

In connection with the issue of the Notes and in accordance with applicable law and regulations of the Euronext Amsterdam, Rabobank International may over-allot or effect transactions that stabilise or maintain the market price of the Notes at a level that might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time but will in any event be discontinued 30 days after the issue date of the Notes.

All references in this Offering Circular to 'Netherlands guilders', 'guilders', 'Dfl' and 'NLG' refer to a denomination of the currency of The Netherlands (with the understanding that since 1 January 1999 such currency is a sub-denomination of the Euro). All references to 'EUR' and 'euro' refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union).

CONTENTS

SUMMARY 4

SPECIAL CONSIDERATIONS 13

CREDIT STRUCTURE..... 22

OVERVIEW OF THE NETHERLANDS RESIDENTIAL MORTGAGE MARKET 30

FORTIS AND ASR 33

DESCRIPTION OF MORTGAGE LOANS 36

MUNICIPALITY/NHG GUARANTEE PROGRAMME..... 47

MORTGAGE LOAN UNDERWRITING AND SERVICING 50

MORTGAGE RECEIVABLES PURCHASE AGREEMENT 53

SERVICING AGREEMENT 58

SUB-PARTICIPATION AGREEMENT 59

DELPHINUS 2001-I B.V..... 61

USE OF PROCEEDS 63

DESCRIPTION OF SECURITY 64

THE SECURITY TRUSTEE 67

TERMS AND CONDITIONS OF THE NOTES 68

THE GLOBAL NOTES 82

TAXATION IN THE NETHERLANDS..... 84

PURCHASE AND SALE 86

GENERAL INFORMATION 88

ANNEX 90

REGISTERED OFFICES..... 94

SUMMARY

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

Issuer: Delphinus 2001-I B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*), under number B.V. 1.165.411 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam, under number 34157852. The entire issued share capital of the Issuer is owned by Stichting Delphinus, established under the laws of the Netherlands as a foundation (*'stichting'*).

Seller: ASR Bank N.V., incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*) (the 'Seller' or 'ASR Bank').

Company

Administrator: ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*).

Pool Servicer: ASR Bank.

Security

Trustee: Stichting Security Trustee Delphinus 2001-I, established under the laws of the Netherlands as a foundation (*'stichting'*).

Stichting

Delphinus: Stichting Delphinus, established under the laws of the Netherlands as a foundation (*'stichting'*).

Directors: ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee and ATC Trustees (Netherlands) B.V., the sole director of Stichting Delphinus. The sole shareholder of each of the Directors is Amsterdam Trust Corporation B.V..

Liquidity

Facility

Provider: ASR Bank.

Put Option

Provider: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated under the laws of the Netherlands with limited liability (*'Rabobank'*).

Replacement

Liquidity Facility

Provider: Rabobank.

Swap

Counterparty: Rabobank.

Floating Rate

GIC Provider: ASR Bank.

Replacement

Floating Rate

GIC Provider: Rabobank.

Floating Rate

GIC Guarantor: Rabobank.

Principal

Paying Agent: Fortis Bank N.V./S.A., incorporated under the laws of Belgium as a public limited company.

Paying Agent: Fortis Bank (Nederland) N.V., incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*).

Reference

Agent: Fortis Bank N.V./S.A..

Participants: Levensverzekering Maatschappij Woudsend N.V., "De Verzekerings-Unie" Levensverzekering Maatschappij N.V. and Levensverzekering Maatschappij Stad Rotterdam N.V., each a company incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*).

Notes: The euro 703,000,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A1 Notes**'), the euro 200,000,000 5.72 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A2 Notes**', together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 40,500,000 6.13 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2066 (the '**Mezzanine Class B Notes**'), the euro 12,000,000 6.75 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2066 (the '**Junior Class C Notes**'), and the euro 5,000,000 Subordinated Class D Notes 2001 due 2066 (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**') will be issued by the Issuer on 25 June 2001 (or such later date as may be agreed between the Issuer and the Managers) (the '**Closing Date**').

Issue Price: The issue prices of the Notes will be as follows:

- (i) the Senior Class A1 Notes 100%;
- (ii) the Senior Class A2 Notes 100%;
- (iii) the Mezzanine Class B Notes 100%;
- (iv) the Junior Class C Notes 100%;
- (v) the Subordinated Class D Notes 100%.

Denomination: The Notes will be issued in denominations of euro 500,000.

Interest: Interest on the Senior Class A1 Notes and the Subordinated Class D Notes is payable by reference to successive interest periods (each a '**Floating Interest Period**') and will be payable quarterly in arrears in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 25th day of June, September, December and March (or, if such day is not a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro (a '**Business Day**'), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) 25 September 2001.

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the

Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with Condition 4(f) plus a margin which will, initially, for the Senior Class A1 Notes be equal to 0.27 per cent. per annum and for the Subordinated Class D Notes be 4.00 per cent. per annum.

Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes is payable by reference to successive interest periods (each a '**Fixed Interest Period**') and will be payable annually in arrears in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 25th day of June (or if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Interest Period will commence on (and include) an Annual Payment Date and end on (but exclude) the next succeeding Annual Payment Date.

The rate of interest on the Senior Class A2 Notes will be 5.72 per cent. per annum, on the Mezzanine Class B Notes 6.13 per cent. per annum and on the Junior Class C Notes 6.75 per cent. per annum.

If following the first Optional Redemption Date (as defined below) the Notes of any Class, other than the Subordinated Class D Notes, have not been redeemed in full, the interest applicable to the relevant Class of Notes will be equal to the sum of Euribor for three months deposits, payable by reference to Floating Interest Periods on each Quarterly Payment Date plus:

- (i) for the Senior Class A Notes, a margin of 1.00 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.75 per cent. per annum; and
- (iii) for the Junior Class C Notes, a margin of 3.00 per cent. per annum.

Final Maturity

Date: Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on 25 June 2066.

Mandatory Redemption of the Notes:

Prior to enforcement of the security for the Notes, the Notes, other than the Subordinated Class D Notes, will be subject to mandatory redemption in part (i) in respect of the Senior Class A1 Notes on 25 September 2004 and on each Quarterly Payment Date thereafter and (ii) in respect of the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes on the first Optional Redemption Date (as defined below) and each Optional Redemption Date thereafter, in an amount equal to the Principal Redemption Amount (as defined in Condition 6) in the following order, (a) firstly pro rata and pari passu the Senior Class A1 Notes and the Senior Class A2 Notes until fully redeemed, and, thereafter, (b) the Mezzanine Class B Notes until fully redeemed and thereafter, (c) the Junior Class C Notes until fully redeemed. The Subordinated Class D Notes will be subject to mandatory partial redemption on each Quarterly Payment Date in the limited circumstances as described in the Conditions.

Optional Redemption of the Notes:

Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, other than the Subordinated Class D Notes, but not some only, on 25 June 2011 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') at their Principal Amount Outstanding (as defined in Condition 6(b)) or, in case of a Junior Class C

Principal Shortfall (as defined in Condition 6 (d) or a Mezzanine Class B Principal Shortfall (as defined in Condition 6 (d)), partially redeem the Junior Class C Notes, or the Mezzanine Class B Notes, respectively, at their Principal Amount Outstanding less such Junior Class C Principal Shortfall or, Mezzanine Class B Principal Shortfall, as the case may be, as provided in Condition 6(d), on such date.

**Redemption
for tax
reasons:**

In the event of certain tax changes affecting any Class of the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of any class of Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer may (but is not obliged to) redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions. No class of Notes may be redeemed under such circumstances unless the other classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

**Method of
Payment:**

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

**Withholding
tax:**

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

**Use of
proceeds:**

The Issuer will use the net proceeds from the issue of the Notes, but only part of the net proceeds of the Subordinated Class D Notes, to pay to the Seller the Initial Purchase Price for the Mortgage Receivables (as described below), pursuant to the provisions of an agreement dated 21 June 2001 (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. See further section *Mortgage Receivables Purchase Agreement* below. The net proceeds from the issue of the Subordinated Class D Notes, reduced by euro 64,773.21 that will be applied towards the payment of the Initial Purchase Price, will be credited to the Reserve Account.

**Mortgage
Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase and accept the assignment of any and all rights (the '**Mortgage Receivables**', which will include any Substitute Mortgage Receivable as defined below) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain pre-selected Mortgage Loans (as defined below). The Mortgage Receivables relating to Savings Mortgage Loans, Life Mortgage Loans, and Investment Mortgage Loans (all as defined below), will hereinafter be referred to as the '**Savings Mortgage Receivables**', the '**Life Mortgage Receivables**' and the '**Investment Mortgage Receivables**', respectively.

Substitution:

The Mortgage Receivables Purchase Agreement will provide that the Issuer on a quarterly basis will purchase from the Seller mortgage receivables ('**Substitute Mortgage Receivables**') subject to the fulfilment of certain conditions and to the extent offered by the

Seller. The Issuer will apply the Substitution Available Amount (as defined in section *Mortgage Receivables Purchase Agreement* below) to the purchase of Substitute Mortgage Receivables. In case the proceeds of any repurchase of Mortgage Receivables by the Seller from the Issuer are not applied towards the purchase of Substitute Mortgage Receivables on the first succeeding Quarterly Payment Date, such proceeds will be part of the Notes Redemption Available Amount. See section *Mortgage Receivables Purchase Agreement* below.

Repurchase of

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

8

- (i) in case any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meets certain mortgage loan criteria, are untrue or incorrect;
- (ii) if the Seller agrees with a Borrower to grant a Further Advance (as defined in section *Special Considerations* under paragraph *Credit Mortgages* below);
- (iii) if the Seller agrees with a Borrower to amend the terms of the Mortgage Loan and 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;
- (iv) under the terms of an Investment Mortgage Loan (as defined below) the Borrower has requested to switch the premia accumulated in the relevant Savings Insurance Policy with any of the Participants (*'ASR Spaarhypotheek Garantie'*) into another eligible investment under the Investment Mortgage Loan (see paragraph *Investment Mortgage Loans* under section *Special Considerations* below).

Mortgage Loans: The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to loans secured by a first-ranking mortgage right or in case of Mortgage Loans secured on the same mortgaged property, first- and second- or first-, second- and third-ranking mortgage right, over residential property situated in the Netherlands and entered into by the Seller and the relevant Borrowers which meet criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the closing date (the **'Mortgage Loans'**). The Mortgage Loans will consist of savings mortgage loans (*'spaarhypotheeken'*), life mortgage loans (*'levenhypotheeken'*), investment mortgage loans (*'beleggingshypotheeken'*) or combinations of savings mortgage loans with interest-only mortgages (*'aflossingsvrije hypotheeken'*). See further section *Description of the Mortgage Loans* below.

Municipality Guarantees/ NHG

Guarantees: Part of the Mortgage Loans will have the benefit of guarantees from municipalities (**'Municipality Guarantees'**) or under the *'Nationale Hypotheek Garantie'* (**'NHG Guarantees'**). See further section *Municipality/NHG Guarantee Programme* below.

Savings Mortgage Loans:

A portion of the Mortgage Loans will be in the form of savings mortgage loans (*'spaarhypotheeken'*, hereinafter **'Savings Mortgage Loans'**), which consist of Mortgage Loans entered into by the Seller and the relevant Borrowers combined with a savings insurance policy with any of the Participants. A **'Savings Insurance Policy'** is a combined risk insurance policy (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policy taken out by the relevant Borrower with any of the Participants in connection with the relevant Savings Mortgage Loan or Investment Mortgage Loan (as defined below) if and to the extent the Borrower has entered into a Savings

Insurance Policy in connection therewith (**'Investment Savings Mortgage Loan'**, see further paragraph *Investment Mortgage Loans* under section *Special Considerations* below). Under the Savings Mortgage Loan and the Investment Savings Mortgage Loan no principal is paid by the Borrower prior to maturity of the Mortgage Loan. Instead, the Borrower/insured pays on a monthly basis premium, which consists of a risk element and a savings element (the **'Savings Premium'**). The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Participant to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan or the Investment Savings Mortgage Loan, as the case may be. See for more detail *Special Considerations* and *Description of the Mortgage Loans* sections.

**Sub-
Participation
Agreement:**

On the Closing Date, the Issuer will enter into a Sub-Participation Agreement with the Participants (the **'Sub-Participation Agreement'**) under which each of the Participants will acquire participations in the relevant Savings Mortgage Receivables and Investment Mortgage Receivables if and to the extent the Borrower has entered into a Savings Insurance Policy in connection therewith (the **'Investment Savings Mortgage Receivables'**, see further paragraph *Investment Mortgage Loans* under section *Special Considerations* below). In the Sub-Participation Agreement the Participants will undertake to pay to the Issuer all amounts scheduled to be received as Savings Premium on the Savings Insurance Policies. In return, the Participants are entitled to receive the Participation Redemption Available Amount (as defined in section *Sub-Participation Agreement* below) from the Issuer. The amount of the participation (the **'Participation'**) with respect to a Savings Mortgage Receivable and an Investment Savings Mortgage Receivable consists of the initial participation at the Closing Date or, in case of substitution, the relevant Quarterly Payment Date, which is equal to the sum of all amounts due up to such date to the Participants as Savings Premium and accrued interest, increased on a monthly basis with the sum of (i) the Savings Premium due to the Participants and paid to the Issuer and (ii) a pro rata part, corresponding to the Participation in the relevant Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be, of the interest due by the Borrower in respect of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be. See further section *Sub-Participation Agreement* below.

**Life Mortgage
Loans:**

A portion of the Mortgage Loans will be in the form of life mortgage loans (*'levenhypotheek'*, hereinafter **'Life Mortgage Loans'**), i.e. Mortgage Loans which have the benefit of combined risk and capital insurance policies taken out by Borrowers with any of the Participants in connection with a Life Mortgage Loan (**'Life Insurance Policies'**). Life Insurance Policies are offered in several alternatives by the Participants depending on the manner in which the capital insurance element of the premium is invested by the Participant: in fixed income products (*'City of Rotterdam Plan'*) or in certain investment funds (*'Waerdye'* or *'Maximum+ Plan'*). See for more detail *Special Considerations* and *Description of the Mortgage Loans* sections.

**Investment
Mortgage
Loans:**

A portion of the Mortgage Loans will be in the form of investment mortgage loans (*'beleggingshypotheek'*, hereinafter **'Investment Mortgage Loans'**). These Mortgage Loans have the benefit of risk insurance policies, but not capital insurance policies (i.e. a policy relating to an insurance which pays out upon the death of the insured), but not capital insurance policies, taken out by Borrowers with any of the Participants (**'Risk Insurance Policies'**). In the case of Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest, on an instalment basis, an agreed amount (i) in certain investment funds, each managed by SR-Beheer B.V., a company belonging to the same group as the Seller, (ii) by paying premium under a Savings Insurance

Policy with any of the Participants ('ASR Spaarhypotheek Garantie') or (iii) by placing the amounts involved on a savings account with ASR Bank ('ASR Liquide Middelen') or (iv) in a combination of options (i), (ii), and/or (iii), at the option of the Borrower. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. Borrowers may switch their investments among the investment funds and to and from the savings account with ASR at monthly payment dates. Switching from and to a Savings Insurance Policy can only be effectuated at interest rate reset dates. The rights under these investments will be pledged to ASR Bank as security for repayment of the Investment Mortgage Loan. See for more detail *Special Considerations* and *Description of the Mortgage Loans* sections.

Sale of Mortgage**Receivables:**

The Issuer has on any Optional Redemption Date the right to sell and assign the Mortgage Receivables to a third party, which may also be the Seller, provided that the Company shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Subordinated Class D Notes. The purchase price of the Mortgage Receivables shall be equal to the outstanding principal amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable less, in respect of a Savings Mortgage Receivable or an Investment Savings Mortgage Receivable, the Participation, if such participation is also assigned, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to a civil law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the mortgaged property or, if no valuation report of less than 12 months old is available, the indexed foreclosure value, or (ii) the sum of the outstanding principal amount together with accrued interest due but not paid, if any, and any other amount due under the Mortgage Loan less, in respect of a Savings Mortgage Receivable or an Investment Savings Mortgage Receivable, the Participation, if such Participation is also assigned. Furthermore, in a period beginning on the Optional Redemption Date six months prior to the Final Maturity Date, the Issuer has undertaken to use its best efforts to sell and assign all but not some of the Mortgage Receivables to a third party, which may also be the Seller. If and to the extent that the Issuer has not succeeded in obtaining a firm commitment to sell and assign all but not some of the Mortgage Receivables, the Issuer will be obliged to offer on the Optional Redemption Date preceding the Final Maturity Date such Mortgage Receivables to the Put Option Provider, which will be obliged to purchase and accept assignment of the Mortgage Receivables on the terms and subject to the conditions set forth in the Put Option Agreement (as defined below).

Put Option Agreement:

The Issuer will on the Closing Date enter into a put option agreement with, *inter alia*, the Put Option Provider (the 'Put Option Agreement') which will provide that the Issuer may, at its option, on giving written notice, offer for sale the Mortgage Receivables to the Put Option Provider and assign such Mortgage Receivables to the Put Option Provider which shall be obliged to purchase and accept assignment of such Mortgage Receivables some days prior to the Final Maturity Date, on similar terms and conditions as described above.

Security for the Notes:

The Notes will be secured (a) directly, by a deed of surety to be entered into on the Closing Date between the Security Trustee and certain Secured Parties (as defined in section *Description of Security* below) pursuant to which the Security Trustee will agree to grant a surety ('*borgtocht*') to the Secured Parties, which include the Noteholders, on a limited recourse basis (the '**Deed of Surety**'); (b) indirectly, through the Security Trustee, by a first ranking pledge by the Seller to the Security Trustee and a second ranking pledge by the Seller to the Issuer over the Mortgage Receivables and the rights of the Seller as beneficiary

under the Savings Insurance Policies, the Life Insurance Policies and the Risk Insurance Policies (the **'Beneficiary Rights'**); and (c) indirectly, through the Security Trustee, by a first ranking pledge by the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Floating Rate GIC, the Sub-Participation Agreement, the Put Option Agreement and in respect of the Transaction Accounts (as referred to below). The amount payable to the Noteholders and the other Secured Parties under the Deed of Surety will be limited to the amounts available for such purpose to the Security Trustee which, broadly, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement. Payments under the Deed of Surety to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement (as defined in section *Credit Structure* below). See for a more detailed description section *Description of Security* below.

Servicing Agreement:

Under a servicing agreement to be entered into on the Closing Date (the **'Servicing Agreement'**) between the Issuer, the Company Administrator, the Pool Servicer and the Security Trustee, the Pool Servicer will agree to provide (i) administration and management services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section *Mortgage Loan Underwriting and Servicing* below) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions.

Management Agreements:

On the Closing Date, each of the Issuer, Stichting Delphinus and the Security Trustee will enter into a management agreement (together the **'Management Agreements'**) with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, Stichting Delphinus or, the Security Trustee, respectively, and to perform certain services in connection therewith.

Liquidity Facility:

On the Closing Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider (the **'Liquidity Facility Agreement'**) whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. The Replacement Liquidity Provider assumes all rights and obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement in certain circumstances. See section *Credit Structure* below.

Master Collection Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the **'Master Collection Account'**) to which all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables, will be transferred by the Pool Servicer in accordance with the Servicing Agreement.

Floating Rate GIC:

The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the **'Floating Rate GIC'**) on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing from time to time to the credit of the Master Collection Account and the Reserve Account (as defined below, together with the Master Collection Account, the

'Transaction Accounts'). The Replacement Floating Rate GIC Provider has undertaken to assume all rights and obligations of the Floating Rate GIC Provider under the Floating Rate GIC upon the request of the Floating Rate GIC Guarantor. The Floating Rate GIC Guarantor will guarantee the repayment of the balances standing to the credit of the Transaction Accounts.

Swap

Agreement: On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty (the **'Swap Agreement'**) to hedge the basis risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes.

12

Reserve Account:

The net proceeds of the Subordinated Class D Notes, reduced by euro 64,773.21 that will be applied towards payment of the Initial Purchase Price, will be credited to an account (the **'Reserve Account'**) held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (l) in the Interest Priority of Payments (as defined in section *Credit Structure below*) in the event of a shortfall of the Notes Interest Available Amount (as defined in section *Credit Structure below*) on a Calculation Date. If and to the extent that the Notes Interest Available Amount on any Calculation Date exceeds the amounts required to meet items (a) up to and including (l) of the Interest Priority of Payments, such excess amount will be used to deposit on or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the maximum amount described below (the **'Reserve Account Target Level'**). The Reserve Account Target Level will be 1.25 per cent. of the aggregate Principal Amount Outstanding of the Notes, excluding the Subordinated Class D Notes, on the Closing Date. See further section *Credit Structure below*.

Listing: Application has been made for the Notes to be listed on Euronext Amsterdam.

Rating: It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a rating of 'Aaa' by Moody's and 'AAA' by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned a rating of at least 'A1' by Moody's and 'A' by Fitch and (iii) the Junior Class C Notes, on issue, be assigned a rating of at least 'Baa2' by Moody's and 'BBB' by Fitch. Furthermore it is expected that the Subordinated Class D Notes will, on issue, be assigned a rating of 'Ba1' by Moody's and 'BB' by Fitch.

Governing

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

Risk Weighing: The Netherlands Central Bank has stated that, for credit institutions regulated by it, the risk weighing applicable to the Senior Class A Notes shall be 50 per cent. and the risk weighing applicable to the Mezzanine Class B Notes and the Junior Class C Notes shall be 100 per cent.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this document.

Liabilities under the Notes

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Replacement Liquidity Facility Provider, the Participants, the Floating Rate GIC Provider, the Replacement Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider or, except for certain limited obligations under the Deed of Surety as more fully described in section *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Replacement Liquidity Facility Provider, the Participants, the Floating Rate GIC Provider, the Replacement Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Principal Paying Agent, the Paying Agent or the Reference Agent, the Put Option Provider or any other person in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, 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 the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Master Collection Account and the Reserve Account. See further section *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amount available to be drawn under the Liquidity Facility for certain of its payment obligations.

Deed of Surety

The Notes will be secured, inter alia, by the Deed of Surety. Under the terms of the Deed of Surety, the Security Trustee will undertake to pay to the Secured Parties (including the Noteholders), subject to the Priority of Payments upon Enforcement (as described in section *Credit Structure* below), all amounts due and payable by the Issuer to the Secured Parties, including amounts due under or in connection with the Notes, if the Issuer does not perform its obligations vis-à-vis the Secured Parties, whether fully or partially. However, the payment obligations to the Secured Parties will be limited, broadly, to amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and amounts recovered under any of the pledge agreements to which the Security Trustee is a party (as more fully described in section *Description of Security* below). Given the limited recourse provisions to be contained in the Deed of Surety, it should not be regarded as credit enhancement for the Notes in economic terms. The Deed of Surety will be entered into for purely technical reasons and will be used to create a recourse claim of the Security Trustee against the Issuer, so that as a matter of Netherlands law the Mortgage Receivables can be effectively pledged to the Security Trustee by the Seller. In this respect it is noted that, in order to create such recourse claim, the Security Trustee should first pay the relevant amount to the Secured Parties. The Security Trustee will have to borrow such funds under a liquidity facility agreement to be agreed with a liquidity facility provider. Furthermore, it is noted that in legal literature it has been argued that in case of a security structure as used in this transaction the security trustee is not entitled to take recourse on the pledged assets if its recourse claim (*'regresvordering'*) or, as the case may be, its claim based upon subrogation (*'vordering verkregen van subrogatie'*) on the debtor only arises or, in case of the subrogation claim, is acquired following bankruptcy or suspension of payments (or emergency regulations) of the debtor. The Issuer has been advised that there are strong arguments for arguing that this view is incorrect. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has as a separate and independent obligation, by way of parallel debt, undertaken to pay the Security Trustee amounts equal to the amounts due by it to the Secured Parties. The Issuer has been advised that there are good reasons to conclude that such a parallel debt creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Pledge Agreements I and II.

Transfer of Legal Title to Mortgage Receivables

The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified by the Seller to the Borrowers except if certain events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement* below. Under Netherlands law the assignment of a receivable is only perfected if the assignment has been notified to the borrower. Consequently, prior to such notification, legal title to the Mortgage Receivables will remain with the Seller. Notification of the assignment to a Borrower after the Seller has been declared bankrupt or has become subject to emergency regulations will not be effective and, consequently, in such event the legal ownership to the Mortgage Receivables will not pass to the Issuer.

In order to protect the Issuer in the situation that notification of the assignment of the Mortgage Receivables can no longer be effectively made due to bankruptcy or emergency regulations involving the Seller, the Seller will grant a first-ranking 'silent' right of pledge (i.e. without notification being required) under Netherlands law to the Security Trustee and a second-ranking 'silent' right of pledge to the Issuer over the relevant Mortgage Receivables and the Issuer will grant a first-ranking 'disclosed' right of pledge to the Security Trustee on the rights deriving from, inter alia, the Mortgage Receivables Purchase Agreement, as more fully described in section *Description of Security* below. Notification of the 'silent' rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or emergency regulations have been declared in respect of the Seller. Under Netherlands law the Issuer and the Security Trustee can, in the event of bankruptcy or emergency regulations in respect of the Seller, exercise the rights afforded by law to pledgees as if there were no bankruptcy, suspension of payments, or emergency regulations. However, bankruptcy or emergency regulations involving the Seller would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or emergency regulations involving the Seller having been declared, will be part of the bankrupt estate, although the relevant pledgee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to two months may apply in case of bankruptcy or emergency regulations involving the Seller, which, if applicable would delay the exercise of the right of pledge on the Mortgage Receivables and (iii) the relevant pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the Seller.

Set-off

Under Netherlands law each Borrower will, subject to the legal requirements for set-off being met, be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivables. After assignment and/or pledge of the Mortgage Receivables to the Issuer and notification thereof to a borrower, the Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met, and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment and/or pledge of the Mortgage Receivables and notification thereof to the relevant Borrower.

The conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the foregoing applies mutatis mutandis.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, 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.

For specific set-off issues relating to Savings Mortgage Loans and Life Mortgage Loans reference is made to the paragraph *Insurance Policies* below and for set-off issues relating to Investment Mortgage Loans reference is made to the paragraph *Investment Mortgage Loans* below.

The Seller will also have the right to set-off any amounts owing to a Borrower against a Mortgage Receivable in respect of such Borrower. The Mortgage Receivables Purchase Agreement will provide that, prior to notification of the assignment and/or pledges, the Seller will pay to the Issuer any amounts not received by the Issuer as a result of such right of set-off being invoked by the Seller. After notification of the assignment and/or pledges to the Borrowers, the Seller will no longer have any set-off right against the relevant Borrowers.

Sale of Mortgage Receivables

Pursuant to the terms of the Trust Deed, the Issuer will be required to use its best efforts in a period beginning on the Optional Redemption Date six months prior to the Final Maturity Date to sell and assign or, as the case may be, procure the assignment by the Seller of all but not some of the Mortgage Receivables to a third party, which party may also be the Seller. If and to the extent that the Issuer has not succeeded in obtaining a firm commitment to sell and assign all but not some of the Mortgage Receivables, the Issuer will be obliged to offer on the Optional Redemption Date preceding the Final Maturity Date such Mortgage Receivables to the Put Option Provider, which will be obliged to purchase and accept assignment of the Mortgage Receivables some days prior to the Final Maturity Date on the terms and subject to the conditions set forth in the Put Option Agreement.

The purchase price for any Mortgage Receivables to be sold by the Issuer pursuant to the Put Option Agreement shall be equal to the aggregate outstanding principal amount of such Mortgage Receivables, together with accrued interest due but not paid, if any. With respect to any Mortgage Receivables (i) under which amounts, which are due and payable, have remained unpaid for a period exceeding 90 days or (ii) in respect of which an instruction has been given to the civil law-notary to commence foreclosing proceedings, the purchase price shall be at least equal to the amount which is the lesser of (a) the foreclosure value or (b) the sum of the outstanding principal amount of such Mortgage Receivable together with accrued interest due but not paid, if any, and any other amounts due but not paid, if any.

The ability of the Issuer to exercise its rights under the Put Option Agreement will be dependent upon the Put Option Provider performing its obligations under the Put Option Agreement. No mechanism for the replacement of the Put Option Provider will be set out in the Put Option Agreement should the Put Option Provider fail to perform its obligations.

Credit Mortgages

A portion of the Mortgage Receivables sold to the Issuer by the Seller will be secured by mortgage rights created under a mortgage deed in which the Borrower has given security over the mortgaged property in excess of the amount of the initial Mortgage Loan. The mortgage deeds relating to such Mortgage Receivables provide that any further advances granted by the Seller to the relevant Borrower (**'Further Advances'**) are secured by the same mortgage right. It is likely that such Mortgage Receivables should be regarded as *'krediethypotheken'* (**'Credit Mortgages'**). Under Netherlands law it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Credit Mortgage, the Credit Mortgage will follow such receivable.

The Seller will undertake in the Mortgage Receivables Purchase Agreement to partially terminate the relevant mortgage rights securing Mortgage Receivables to the extent that the mortgage right secures debts other than the relevant Mortgage Receivables granted by the Seller to the relevant Borrowers by giving notice of such partial termination to the relevant Borrowers at the same time that the Borrowers will be notified of the assignment (see paragraph *Transfer of Legal Title to Mortgage Receivables* above). As a consequence of such partial termination the mortgage right would only secure the Mortgage Receivable assigned to the Issuer and would, in effect, cease to be a Credit Mortgage. Although there is no case law directly to support this view, the Issuer has been advised that there are no reasons why the mortgage right will not follow the Mortgage Receivable upon its assignment if the credit mortgage character is removed through partial termination prior to transfer of legal title to the Mortgage Receivables to the Issuer.

The relevant statutory provisions only address termination in general, and legal commentators, although accepting the right of partial termination, do not specifically discuss partial termination of mortgage rights in the manner described above. It is therefore unclear whether such a partial termination complies with the

relevant statutory requirements. Based upon a reasonable interpretation of the statutory provisions and the views expressed by legal commentators, there are strong reasons for arguing that the Seller can effectively terminate the mortgage rights as described above.

Under Netherlands law a mortgage right can be terminated by the mortgage holder provided that upon creation of the mortgage right the mortgage holder was granted such right by the mortgage deed. The terms of the mortgage deeds relating to the Mortgage Loans provide for a termination right in general and not specifically for a partial termination right. However, the Issuer has been advised that even in the latter case there are strong arguments for arguing that, based upon a reasonable interpretation of the termination provisions, it should include a partial termination right.

Should the Seller be declared bankrupt or become subject to emergency regulations, its undertaking to give a notice of partial termination is no longer enforceable and a notice of partial termination received after such date by a Borrower will not be effective. In such a situation the legal transfer of the relevant Mortgage Receivables can no longer be effected, although the Issuer and the Security Trustee will remain pledgees of such Mortgage Receivables (see paragraph *Transfer of Legal Title to Mortgage Receivables* above). However, the fact that notice can no longer be given means that it is uncertain, also depending on the specific facts and circumstances involved, whether the Issuer and the Security Trustee will have the benefit of a mortgage right securing such Mortgage Receivables and, if a Borrower will fail to comply with its obligations under the Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the mortgage right as pledgee of the Mortgage Receivables. If not, the assistance of the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the pledgees. It is uncertain whether such assistance will be forthcoming. A similar situation could arise if the Seller becomes subject to emergency regulations or is declared bankrupt after notice of partial termination is given and the courts would come to the conclusion, notwithstanding the arguments against such an interpretation, that a Credit Mortgage cannot be converted by way of partial termination into a mortgage right which only secures the Mortgage Receivables or, following such conversion, does not follow the Mortgage Receivables upon their pledge or assignment. Consequently, the Issuer would not have the benefit of the mortgage right securing such Mortgage Receivables and would have to rely on the assistance of the Seller's administrator or bankruptcy trustee to foreclose the mortgage right.

Insurance Policies

The Life Mortgage Loans have the benefit of Life Insurance Policies, the Savings Mortgage Loans have the benefit of Savings Insurance Policies and the Investment Mortgage Loans have the benefit of Risk Insurance Policies and, if applicable, Savings Insurance Policies, (the Life Insurance Policies, the Savings Insurance Policies and the Risk Insurance Policies together the '**Insurance Policies**'). In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Loans, Savings Mortgage Loans and Investment Savings Mortgage Loans on the Insurance Policies are set out. Investors should be aware that it may be that (i) the Issuer will not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case the relevant Participant defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected.

Pledge

All rights of a Borrower under Insurance Policies have been pledged to the Seller. However, the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ('*afkoopsom*'), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is under Netherlands law not effective if the pledgor is declared bankrupt or is granted a suspension of payments, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Even if the pledge on the rights on the Insurance Policies would be effective, it is uncertain whether such right of pledge will pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, since the pledge secures the same liabilities as the Credit Mortgages. The observations on partial termination made in paragraph *Credit Mortgages* above apply equally to such right of pledge, except for the pledge of Savings Mortgage Policies

entered into in connection with Investment Mortgage Loans in which case no termination right is stipulated by the Seller. This means that in such case no partial termination is possible so that it is uncertain whether the right of pledge will follow in case of assignment and/or pledge of an Investment Mortgage Loan. Since the amount of the commutation payment will normally be similar to the amount of the Participation in the relevant Investment Savings Mortgage Loan any adverse consequences for the Issuer are likely to be mitigated by the Sub-Participation Agreement.

Appointment of Beneficiary

Furthermore, the Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrower under the mortgage deed or, in the case of mortgage deeds containing a Credit Mortgage, for all amounts which the Borrower is due under the mortgage deed and/or under any further advances granted to the Borrower (the **'Beneficiary Rights'**), except that in many cases another beneficiary is appointed who will rank ahead of the Seller, provided that the relevant Participant is irrevocably authorised by such beneficiary to pay the insurance proceeds to the Seller. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee, but on the basis of the wording of the mortgage documentation it can be argued that the Issuer will upon notification of the assignment become beneficiary under the Insurance Policies. The Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see section *Description of Security* below), but it is uncertain whether this pledge will be effective. In the event that the Issuer does not become beneficiary of the Insurance Policies and the pledge of the Beneficiary Rights is not effective, the Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the **'Beneficiary Waiver Agreement'**) with the Seller and the Participants under which the Seller, subject to the condition precedent of the occurrence of a Notification Event (see section *Mortgage Receivables Purchase Agreement* below), waives its rights as beneficiary under the Insurance Policies and appoints as first beneficiary (i) the Issuer subject to the dissolving condition of the occurrence of a Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Notification Event relating to the Issuer. It is, however, uncertain whether such waiver and appointment will be effective. In view hereof the Seller and the Participants will undertake following a Notification Event to use their best efforts to obtain the co-operation from all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. For the event an authorisation as described above exists, the Seller and the Participants will in the Beneficiary Waiver Agreement undertake, following a Notification Event, to use their best efforts to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Notification Event relating to the Issuer. It is uncertain whether such co-operation will be forthcoming. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the pledge and the waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary, instead of to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of the Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Seller as further discussed under sub-paragraph *Set-off or defences* below.

Insolvency of Participants

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

Set-off or defences

If the amounts payable under the Insurance Policy do not serve as a reduction of the Mortgage Receivable (see sub-paragraphs *Appointment of Beneficiary* and *Insolvency of Participants* above), the Borrower may try to invoke

a right of set-off of the amount due under the Mortgage Receivable with amounts payable under or in connection with the Insurance Policy. The fact that the Mortgage Receivable is assigned or pledged to the Issuer or the Security Trustee is not likely to interfere with such a set-off, since it is likely that the Mortgage Loans and the Insurance Policies are to be regarded as one legal relationship (see paragraph *Set-off* above).

As set out (in paragraph *Set-off* above) the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective, the Borrowers will in order to invoke a right of set-off, need to comply with the applicable legal requirements. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Participant and the Borrowers and the Mortgage Loans are contracts between the Seller and the Borrowers. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Participants should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the Participants are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one interrelated relationship. Furthermore, the Borrowers should have a counterclaim. If the relevant Participant is declared bankrupt or subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment (*'afkoopsom'*). These rights are subject to the Borrower Insurance Pledge (see above). However, despite this pledge it may be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to rescind the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off with such claim by Borrowers.

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

Life Mortgage Loans

In respect of Life Mortgage Loans the Issuer has been advised that, in view of the factual circumstances involved, the possibility cannot be disregarded that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of any of the Participants the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies.

Savings Mortgage Loans

In respect of Savings Mortgage Loans the Issuer has been advised that there is definitely a risk that such a set-off or defence would be successful in view – inter alia – of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage documentation used by the Seller. The Sub-Participation Agreement will provide that in case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the relevant Participant of its obligations under the relevant Savings Insurance Policy, and, as a consequence thereof, the Issuer will not have received any amount due and outstanding, the relevant Participation of the relevant Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Participation is equal to the amount of Savings Premium received by the Issuer plus the accrued yield on such amount (see section *Sub-Participation Agreement* below), provided that that each Participant will have paid all Saving Premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower would invoke any such right of set-off or

defence, if and to the extent that the amount for which the Borrower would invoke set-off or defences does not exceed the amount of the Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation.

Investment Mortgage Loans

Under the Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan. Instead the Borrowers undertake to invest agreed amounts (i) in certain investment funds, and/or (ii) by paying premium under a Savings Insurance Policy with any of the Participants, and/or (iii) by placing the amounts involved on a savings account with ASR Bank, at the option of the Borrower. Certain issues relating to Risk Insurance Policies and Savings Insurance Policies entered into in connection with Investment Mortgage Loans are discussed in section *Insurance Policies* above.

Pledge

All rights of a Borrower in connection with (i) his Investment Account (as defined below) and (ii) his Savings Account (as defined below) have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. To the extent the mortgage rights constitute Credit Mortgages, these pledges should be regarded as '**Credit Pledges**'. The observations made above in relation to Credit Mortgages apply equally here.

Investment Accounts

Under the Investment Mortgage Loans the investments in investment funds are effected by the Borrowers paying certain agreed amounts to Stichting ASR Beleggersgiro, which are applied by Stichting ASR Beleggersgiro to acquire participations in certain selected investment funds in accordance with the instructions of the Borrower. The investment funds are managed by SR-Beheer B.V., a group company of the Seller. The participations that are purchased are credited to the investment accounts of the relevant Borrowers, which accounts are administered by Stichting ASR Beleggersgiro (the '**Investment Accounts**'). It is the intention that the Mortgage Receivables will be fully or partially repaid with the proceeds of the investments. In this structure the Borrowers have a claim on Stichting ASR Beleggersgiro for the value of the investments. The Issuer has been informed that Stichting ASR Beleggersgiro is a bankruptcy-remote entity. The object of Stichting ASR Beleggersgiro is to hold participations in investment funds for custody purposes and normally its obligations vis-à-vis holders of Investment Accounts should be equal to the value of the corresponding participations of Stichting ASR Beleggersgiro in the investment funds. Should Stichting ASR Beleggersgiro not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers similar to those described under paragraph *Insurance Policies* above, except for the set-off or defences described in the sub-paragraph *Appointment of Beneficiary* in respect of the situation of the Seller being insolvent.

Savings Account

Under the Investment Mortgage Loans the Borrowers may transfer certain amounts to a savings account held with ASR Bank (a '**Savings Account**'). If ASR Bank would no longer be able to repay (part of) any funds deposited by a Borrower on a Savings Account in connection with an Investment Mortgage Loan, e.g. in case it is declared bankrupt or subject to emergency regulations, this will have the result that such funds will not be available for application in reduction of the relevant Mortgage Receivable. This may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under sub-paragraph *Set-off or defences* in paragraph *Insurance Policies* above. However, the Issuer has been advised that the risk of such set-off being successful is considerably greater than in case of the Insurance Policies, since ASR Bank and the Seller are the same legal entity, whereas in the case of the Insurance Policies Borrowers would have to establish that the Seller and the Participants are one and the same legal entity. The Issuer has been informed by the Seller that the option for the Borrower to invest amounts by depositing them on a Savings Account with ASR Bank was created to avoid fluctuations in the value of investments close to maturity of the Mortgage Loan and that, due to the unfavourable tax treatment of this product and the fee which is due in case Borrowers would switch investments to a Savings Account, it expects that only minimal amounts will be deposited on such Savings Accounts, except where the Investment Mortgage Loans are close to maturity.

Exercise of call option

In accordance with the Conditions, the Issuer has the option to call all (but not some only) of the Notes, other than the Subordinated Class D Notes, on any Optional Redemption Date (the '**Call Option**'). Pursuant to the Trust Deed the Issuer has on any Optional Redemption Date the right to sell and assign the Mortgage Receivables to a third party, which may also be the Seller, provided that the Company shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Subordinated Class D Notes. The purchase price of the Mortgage Receivables shall be equal to the outstanding principal amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable less, in respect of a Savings Mortgage Receivable or an Investment Savings Mortgage Receivable the Participation, if such participation is also assigned, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to a civil law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the mortgaged property or, if no valuation report of less than 12 months old is available, the indexed foreclosure value, or (ii) the sum of the outstanding principal amount together with accrued interest due but not paid, if any, and any other amount due under the Mortgage Loan less, in respect of a Savings Mortgage Receivable or an Investment Savings Mortgage Receivable, the Participation, if such Participation is also assigned. No guarantee can be made that the Issuer will exercise this call option. If the call option is not exercised on the first Optional Redemption Date, the interest basis on the Notes, other than the Subordinated Class D Notes, will switch to 3-months Euribor plus a margin per annum, such margin to be for the Senior Class A Notes 1.00 per cent. per annum, for the Mezzanine Class B Notes 1.75 per cent. per annum and for the Junior Class C Notes 3.00 per cent. per annum.

Proposed European Union Directive on the taxation of savings

In May 1998, the European Commission presented to the Council of Ministers of the European Union a proposal for a Directive on the taxation of savings, which would oblige Member States to adopt either a 'withholding tax system' or an 'information reporting system' in relation to interest, discounts and premiums. The 'withholding tax system' would require a paying agent established in a Member State to withhold tax from any interest, discount or premium paid to an individual resident in another Member State, unless such individual presents a certificate obtained from the tax authorities of the Member State in which he is resident confirming that those authorities are aware of the payment owed to that individual. The 'information reporting system' would require a Member State to supply the other Member States with details of any payment of interest, discount or premium made by paying agents within its jurisdiction to an individual resident in that other Member State. For these purposes, the term 'paying agent' is widely defined as including an agent who collects interest, discounts or premiums on behalf of an individual beneficially entitled thereto.

In June 2000, the Council of Ministers of Finance and Economics (ECOFIN) agreed that the proposal for the Directive should be revised on the basis of a number of principles, including the following:

- (a) exchange of information (that is, an information reporting system) should be the ultimate objective of the European Union, in order to ensure that all citizens resident in a Member State pay the tax due on all their savings income;
- (b) there may, however, be an interim period (not to exceed seven years from implementation of the Directive) during which Member States may either exchange information on savings income with other Member States or withhold tax;
- (c) discussions are to be held with key third countries to promote the adoption of equivalent measures in those countries, and Member States are to promote the adoption of the same measures in their dependent or associated territories;
- (d) subject to a satisfactory outcome of the discussions described in paragraph (c), ECOFIN will decide on implementation of the Directive no later than 31 December 2002.

In November 2000, ECOFIN showed that only Belgium, Luxembourg and Austria would take the opportunity to introduce a withholding tax during the transitional period. All other Member States announced that they would exchange information once the Directive became effective. An agreement was reached about the information that would be furnished to the tax authorities concerning any savings. On the basis of this information, the home state could levy tax on savings held in other countries.

The main elements of the agreement relating to the Savings Tax Directive are:

- (a) The states introducing a withholding tax will apply a tax rate of 15% in the first three years and a rate of 20% in the remaining period;
- (b) The tax-levying states will repay part of the revenue to the home state of the ultimate beneficiary of the savings. The division agreed will be 25% for the state where the savings are held and 75% for the home state;
- (c) The withholding tax levied under the Directive will not deprive the home state of the right to give effect to its domestic tax legislation;
- (d) The exchange of information during the transitional period will not be based on reciprocity, meaning that Member States which exchange information during the transitional period will also exchange information with the Member States that have opted for the introduction of a withholding tax;
- (e) As for co-ordinated undertakings for collective investment in securities ('UCITs') (which fall under Directive 85/611/EEC): if no more than 40% of the total assets of such a UCIT is invested in debentures, that UCIT will not fall under the Directive during the seven-year transitional period. In addition, non-co-ordinated UCITs (which are not covered by Directive 85/611/EEC) may also opt for this regime. No decision has been taken yet about the threshold after the transitional period;
- (f) The Directive will contain a 'grandfather clause', stipulating that the Directive will not apply to debentures, etc. which are issued during the transitional period or in respect of which a prospectus has been issued prior to 1 March 2001.

The Council has invited the next Presidency (Sweden) and the Commission to report on the negotiations that will be conducted with third countries in connection with the Savings Tax Directive, in light of the conclusions reached in June 2000.

Pending agreement on the scope and precise text of the Directive, it is not possible to say what effect, if any, the adoption of the proposed Directive would have on the Notes or payments in respect thereof.

Swap Agreement

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

The Swap Agreement will be terminable by one party if (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events.

Exemption from credit supervision for the Issuer

The Issuer has been granted an exemption from credit supervision pursuant to the Act on the Supervision of the Credit System by the Netherlands Central Bank on 23 May 2001 and as supplemented on 21 June 2001, which exemption was granted subject to certain conditions. Furthermore, the exemption was issued subject to the restriction that it is valid during a period that ends on 25 June 2011. Prior to expiry of this period the Issuer should according to the Netherlands Central Bank apply for an extension of the exemption with the Netherlands Central Bank. In this respect the Issuer has been advised that in case all relevant facts and circumstances remain as they were on 23 May 2001, the Netherlands Central Bank is likely to renew the exemption. Furthermore, the Issuer has been advised that there are strong arguments for arguing that the Issuer does not require the individual exemption at all, since it benefits from a general exemption regulation.

CREDIT STRUCTURE

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

Mortgage Loan Interest Rates

The Mortgage Loans pay interest on a fixed rate basis, subject to a reset from time to time. On the Closing Date the weighted average interest rate of the Mortgage Loans is expected to be 5.79 per cent.. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in section *Description of the Mortgage Loans* below.

Cash Collection Arrangements

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in advance. All payments made by Borrowers will be paid into the collection account maintained with the Seller. The collection account will also be used for the collection of moneys paid in respect of mortgages other than Mortgage Loans and in respect of other moneys belonging to the Seller.

On each '**Mortgage Payment Date**' (being the sixth business day following the last day of each Mortgage Calculation Period (defined below)) the Seller shall transfer (or procure that the Pool Servicer transfers on its behalf) all amounts of principal, interest and prepayment penalties received by the Seller in respect of the Mortgage Loans and paid to the Seller's collection account during the immediately preceding Mortgage Calculation Period (defined below), to the Master Collection Account.

For these purposes a '**Mortgage Calculation Period**' is the period commencing on (and including) the sixth day of each calendar month and ending on (and including) the fifth day of the following calendar month.

Master Collection Account

The Issuer will maintain with the Floating Rate GIC Provider the Master Collection Account to which all amounts received (i) in respect of the Mortgage Loans and (ii) from the Participants under the Sub-Participation Agreement will be paid.

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

In the Floating Rate GIC it will be agreed that the Replacement Floating Rate GIC Provider will assume all rights and obligations thereunder following a Notification Event in respect of the Seller (see section *Mortgage Receivables Purchase Agreement* below) and/or upon request of the Floating Rate GIC Guarantor in case certain other events occur.

The Floating Rate GIC Guarantor will guarantee the repayment of the balances standing to the credit of the Transaction Accounts. The Floating Rate GIC Guarantor may, upon the occurrence of certain events, instruct the Issuer to replace the Floating Rate GIC Provider. If, at any time, the short term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Guarantor are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch, the Issuer and the Floating Rate GIC Guarantor will use their best efforts to find a suitable alternative Floating Rate GIC Guarantor within 30 days.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Calculation Date (being the third business day prior to each Quarterly Payment Date) as being received during the Calculation Period (as defined in the Conditions) immediately preceding such Calculation Date (items (i) up to and including (ix) being hereafter referred to as the '**Notes Interest Available Amount**')

- (i) as interest on the Mortgage Receivables, less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, an amount calculated as follows: $R \times P/SMR$ whereby $R =$ the

interest received on such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, P = Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable and SMR = the Outstanding Principal Amount of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable;

- (ii) as interest credited to the Master Collection Account and the Reserve Account;
- (iii) as prepayment penalties under the Mortgage Receivables;
- (iv) as Net Proceeds (as defined in the Conditions) on any Mortgage Receivables, to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, an amount calculated as follows: $Q \times P/SMR$ whereby Q = the amount not relating to principal received on such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, P = Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable and SMR = the Outstanding Principal Amount of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) (as defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, an amount calculated as follows: $Q \times P/SMR$ whereby Q = the amount not relating to principal received on such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, P = Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable and SMR = the Outstanding Principal Amount of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable;
- (ix) as amounts received in connection with a sale of Mortgage Receivables, pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, an amount calculated as follows: $Q \times P/SMR$ whereby Q = the amount not relating to principal received on such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, P = Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable and SMR = the Outstanding Principal Amount of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable unless the Participation is assigned as well to the purchaser of the Savings Mortgage Receivable and Investment Savings Mortgage Receivable; and
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;

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

- (a) first, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;

- (b) second, in or towards satisfaction, of administration fees and expenses due and payable to the Company Administrator and the Pool Servicer under the Servicing Agreement;
- (c) third, in or towards satisfaction, pro rata, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligation incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and sums due to the relevant rating agencies and (ii) fees and expenses due to (a) the Principal Paying Agent, the Paying Agent and the Reference Agent under the Paying Agency Agreement, (b) the Replacement Floating Rate GIC Provider and the Floating Rate GIC Guarantor under the Floating Rate GIC and (c) the Put Option Provider under the Put Option Agreement;
- (d) fourth, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider or, as the case may be, the Replacement Liquidity Facility Provider under the Liquidity Facility, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (n) below, or, following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) fifth, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, other than amounts due in connection with the termination of the Swap Agreement including a Settlement Amount (as defined therein);
- (f) sixth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of interest due or accrued due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (g) seventh, in or towards making good, pro rata, any shortfall reflected in the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger is reduced to zero;
- (h) eighth, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (i) ninth, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) tenth, in or towards satisfaction of interest due or accrued due but unpaid on the Junior Class C Notes;
- (k) eleventh, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) twelfth, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Class D Notes;
- (m) thirteenth, in or towards satisfaction of any sums required to deposit on the Reserve Account (defined below) or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level (defined below); and
- (n) fourteenth, in or towards satisfaction of any amounts due under the Swap Agreement in connection with the Termination of the Swap Agreement including a Settlement Amount (as defined therein);
- (o) fifteenth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (p) sixteenth, in or towards satisfaction of principal due on the Subordinated Class D Notes.

- (q) seventeenth, in or towards satisfaction of a Deferred Purchase Price Instalment (as defined in section *Mortgage Receivables Purchase Agreement* below) to the Seller.

Payments may be made from the Master Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business and (ii) amounts due under the Sub-Participation Agreement.

Priority of Payments in respect of principal

The sum of the following amounts, as defined in Condition 6(b) of the Conditions calculated as at any Calculation Date, as being received during the immediately preceding Calculation Period (items (i) up to and including (viii) hereinafter referred to as the '**Notes Redemption Available Amount**')

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and the Investment Savings Mortgage Receivable, less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (ii) as Net Proceeds (as defined in Condition 6(b)) on any Mortgage Receivable, to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (iii) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts relate to principal, less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be, if and to the extent such Participation is terminated;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing Agreement;
- (vi) as Participation Increase pursuant to the Sub-Participation Agreement;
- (vii) as partial prepayment in respect of Mortgage Receivables;
- (viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

will be applied by the Issuer on the next succeeding Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, in or towards satisfaction of the purchase price of any Substitute Mortgage Receivables;
- (b) second, in or towards satisfaction, pro rata, according to the respective amounts thereof, of principal amounts due under the Senior Class A1 Notes and the Senior Class A2 Notes on the relevant Quarterly Payment Date or, as the case may be, the relevant Optional Redemption Date, or, as the case may be, the Final Maturity Date;

- (c) third, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date;
- (d) fourth, in or towards satisfaction of principal amounts due under the Junior Class C Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Deed of Surety, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders but excluding the Participants) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **'Priority of Payments upon Enforcement'**):

- (a) first, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, (iii) the fees and expenses of the Principal Paying Agent, the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iv) the fees and expenses of any legal advisor, auditor, accountants and Moody's, and Fitch appointed by the Issuer and/or, as the case may be, the Security Trustee, and (v) the fees and expenses of the Company Administrator and the Pool Servicer under the Servicing Agreement and (vi) the fees of the Put Option Provider under the Put Option Agreement;
- (b) second, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (k) below;
- (c) third, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) all amounts of interest due or accrued due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes and (ii) amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with their terms but excluding any other costs to be paid by the Issuer on such early termination payable under subparagraph (j) below;
- (d) fourth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (e) fifth, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) sixth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) seventh, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) eighth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes; and
- (i) ninth, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (j) tenth, to the Swap Counterparty in or towards payments of any amounts due under the Swap Agreement in respect of the Issuer's obligations in respect of the costs (other than any Settlement Amounts) to be paid by the Issuer upon an early termination of the Swap Agreement, as determined in accordance with its terms;

- (k) eleventh, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (l) twelfth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (m) thirteenth, in or towards satisfaction of the Deferred Purchase Price (as defined in section *Mortgage Receivables Purchase Agreement* below) to the Seller.

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Replacement Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than an Optional Redemption Date if and to the extent that on such date the Notes are redeemed in full) to make drawings under the Liquidity Facility up to the Liquidity Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. 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 amounts available in the Reserve Account and before any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (j) (inclusive) (but not items (e), (g) and (i)) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger and no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger. The Liquidity Facility Provider will rank in priority in point of payments and security to the Notes.

In the Liquidity Facility Agreement it is agreed that the Replacement Liquidity Facility Provider assumes all rights and obligations thereunder subject to the condition precedent of (i) a Notification Event occurring in respect of the Seller (see section *Mortgage Receivables Purchase Agreement* below) or (ii) the Liquidity Facility not being renewed following its commitment termination date. This assumption of rights and obligations will be automatically dissolved if, prior to fulfilment of the condition precedent for such transfer, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Replacement Liquidity Facility Provider are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch. In such event the Issuer and the Liquidity Facility Provider will use their best efforts to find a suitable alternative Replacement Liquidity Facility Provider.

If following the assumption of the rights and obligations under the Liquidity Facility Agreement (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Replacement Liquidity Facility Provider are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch and (ii) the Replacement Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative Replacement Liquidity Facility Provider within 30 days of such downgrading and (iii) the then current rating of the Notes is materially adversely affected, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the Master Collection Account with a corresponding credit to a ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the Master Collection Account may be utilised by the Issuer in the same manner as if the Liquidity Facility had not been so drawn. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Calculation Date, an amount equal to 3.0 per cent. of the Principal Amount Outstanding of the Notes on such date.

Reserve Account

The net proceeds of the Subordinated Class D Notes, reduced by euro 64,773.21 that will be applied towards payment of the Initial Purchase Price, will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (l) inclusive of the Interest Priority of Payments.

If and to the extent that the Notes Interest Available Amount on any Calculation Date exceeds the amounts required to meet items ranking higher than item (m) in the Interest Priority of Payments, the excess amount will be applied to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The Reserve Account Target Level shall on any Calculation Date be equal to 1.25 per cent. of the aggregate Principal Amount Outstanding of the Notes, excluding the Subordinated Class D Notes, on the Closing Date.

To the extent that the balance standing to the credit of the Reserve Account on any Calculation Date exceeds the Reserve Account Target Level, such excess shall be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and be deposited in the Master Collection Account and shall form part of the Notes Interest Available Amount on such Quarterly Payment Date.

If any Mortgage Receivables will be sold and assigned to the Put Option Provider under the terms of the Put Option Agreement, an amount equal to the lesser of (i) any amount standing to the credit of the Reserve Account and (ii) 50% of the purchase price of the relevant Mortgage Receivables will be withdrawn from the Reserve Account and will be transferred to the Put Option Provider.

After all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class D Notes, have been paid, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amount and will be applied to redeem or partially redeem, as the case may be, the Subordinated Class D Notes until fully redeemed and, thereafter, towards satisfaction of the Deferred Purchase Price (as defined in section *Mortgage Receivables Purchase Agreement* below) to the Seller.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers, known as the '**Class A1 Principal Deficiency Ledger**', the '**Class A2 Principal Deficiency Ledger**', the '**Class B Principal Deficiency Ledger**' and the '**Class C Principal Deficiency Ledger**', respectively, will be established by or on behalf of the Issuer in order to record any losses on the Mortgage Receivables, including losses on the sale of Mortgage Receivables in connection with the exercise of the Call Option (each respectively the '**Class A1 Principal Deficiency**', the '**Class A2 Principal Deficiency**', the '**Class B Principal Deficiency**' and the '**Class C Principal Deficiency**', together a '**Principal Deficiency**'). Any Principal Deficiency shall be debited to the Class C Principal Deficiency Ledger (such debit items being recredited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Junior Class C Notes (the '**Class C Principal Deficiency Limit**') and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being recredited at item (i) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class B Notes (the '**Class B Principal Deficiency Limit**') and thereafter such amounts shall be debited, pro rata, according to the respective amounts thereof to the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger (such debit items being recredited at item (g) of the Interest Priority of Payments).

Interest Rate Hedging

The Mortgage Loan Criteria (as defined under section *Mortgage Receivables Purchase Agreement* below) require that all Mortgage Loans bear a fixed rate of interest subject to a reset from time to time. The interest rate payable by the Issuer with respect to (i) the Senior Class A1 Notes and the Subordinated Class D Notes is calculated as a margin over Euribor and (ii) the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes is fixed until the first Optional Redemption Date. After such date the interest rate payable by the Issuer on the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will switch to a floating rate of interest. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will agree to pay amounts equal to the scheduled interest on the Mortgage Receivables plus the interest accrued on the Master Collection Account, less (a) an excess margin of 0.5 per cent. per annum applied to the relevant Principal Amount Outstanding of the Notes

on the first day of the relevant Floating Interest Period or Fixed Interest Period, as the case may be, and (b) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments and the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest or, as the case may be, to the fixed rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Floating Interest Period or Fixed Interest Period, as the case may be. The notional amount under the Swap Agreement will, however, be reduced to the extent there is a debit balance on the Principal Deficiency Ledgers.

If the sum of all interest actually received by the Issuer (including prepayment penalties and interest accrued on the Transaction Accounts), and including any amounts to be drawn under the Reserve Account, less in case of a Savings Mortgage Receivable, the Participation, falls short of scheduled interest receivable on the Mortgage Receivables in the relevant period(s), less in case of a Savings Mortgage Receivable, the Participation, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment obligation of the Swap Counterparty will be adjusted accordingly on an euro for euro basis.

Pursuant to the Swap Agreement, if the unsecured, unsubordinated and unguaranteed short term debt obligations of the Swap Counterparty are assigned a rating of less than P-1 by Moody's or F1+ by Fitch or any such rating is withdrawn by Moody's or Fitch then the Swap Counterparty will be obliged to use its reasonable endeavours to assist the Issuer in ensuring (if necessary) that, within forty-five days of such reduction or withdrawal of any such rating, the rating of the Notes is that which would have subsisted but for the then current rating in respect of the Swap Counterparty. These endeavours may include (i) obtaining a third party, acceptable to Moody's and Fitch and the Issuer, to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (ii) the Swap Counterparty providing cash collateral sufficient to maintain the rating of the Senior Class A Notes at the level which would have subsisted but for the then current rating of the Swap Counterparty, or (iii) any other action the Swap Counterparty in its sole discretion deems necessary to assist the Issuer to maintain the then current rating of the Senior Class A Notes.

OVERVIEW OF THE NETHERLANDS RESIDENTIAL MORTGAGE MARKET

Netherlands Residential Mortgage Market

Residential mortgages are provided by commercial banks, insurance companies, building societies, pension funds, mortgage banks and other institutions. The market share of the different originators is shown in Table 1.

Table 1: Netherlands mortgage market shares as of March 2001

Banks	41%
Mortgage Banks and building funds	34%
Insurance companies and pension funds	12%
Other	13%

Source: CBS

The combination of an attractive fiscal regime, usually long loan interest fixing periods and flexible repayment arrangements lead to advances of up to 130% of the foreclosure value. In the Netherlands foreclosure values equal approximately 85% of market values.

There are low losses in the Netherlands mortgage market: mortgage lenders who have published loss information (ABN AMRO, SNS, ASR) all show losses under 0.01% per annum in the period between 1990-1999. This is due to a combination of factors including the strong presence of local banks, a strong social security system, the use of direct debit for monthly payments and long interest fixing periods.

Historically, prepayments have been relatively low by comparison to other European countries. The tax regime, the small size of the country, prepayment penalties and long fixing periods are endemic factors contributing to low prepayments. However, prepayments are also a function of the interest rate environment: at the end of 1990s prepayment levels in the Netherlands increased spurred by historically low interest rates.

Development of the Netherlands Mortgage Market

Home ownership in the Netherlands rose from 30% after the Second World War to 52% in the late 1990s. Compared to the rest of Europe this is still low, where an average 64% of all properties are owner occupied.

Table 2: Percentage owner occupied properties in the Netherlands

Year	Owner occupied
1947	28%
1956	29%
1964	34%
1971	35%
1977	41%
1982	42%
1986	43%
1990	45%
1994	48%
1995	48%
1996	49%
1997	50%
1998	51%
1999	52%

Source: CBS

The following are the main factors that have affected the development of the Netherlands mortgage market in the last decade.

Interest Rates

Interest rates declined in the 1990s mainly due to monetary integration in Europe. The latter encouraged governments to reorganise their fiscal policy to fulfil the Maastricht criteria. A secondary factor putting downward pressure on inflation has been increased competition as a result of globalisation.

Institutional Changes

Certain institutional changes boosted demand for private dwellings in 1993, lending banks' underwriting criteria started taking into account both partners' income (where applicable) when assessing the maximum mortgage entitlement. Also new mortgage products, such as investment mortgages and redemption free mortgages, were stimulated by fiscal regulation and made it possible to finance a higher priced property at the same or even lower financing costs.

Demographics

Demographic developments have contributed to increased demand for residential property. Such developments include an increase in the number of households. Furthermore affordability of mortgage loans has increased as the number of households with dual income has risen significantly.

Demand vs. Supply

Rentals have been increasing at a higher rate than property prices. As a result, the relative affordability of property ownership vis-à-vis rented accommodation has improved over the last ten years thus creating more demand for owned properties. Furthermore, strong economic fundamentals (healthy growth, low unemployment) have contributed to increased demand for property.

The increasing demand has been difficult to satisfy as a result of limited supply: in the Netherlands there is limited capacity in terms of available land). In fact, the actual shortage of houses increased during the first half of the 1990s, while during the second half of the decade, there were also increasing problems in the supply of quality properties for sale, despite a drop in the quantitative shortage. As a result, properties of high quality were highly sought after as the increase in supply came mainly through the provision of standard housing units in apartment blocks.

Tax

Some changes to the Netherlands tax regime were introduced on 1 January 2001. This has resulted in a number of adjustments to the current system in relation to mortgages. The most important of these are:

- Mortgage interest will only be deductible for the first home;
- Mortgage interest will only be deductible where there is a direct relationship between the loan and the home (improvement);
- Mortgage interest will be deductible for a maximum of 30 years from 2001.

House Price Development

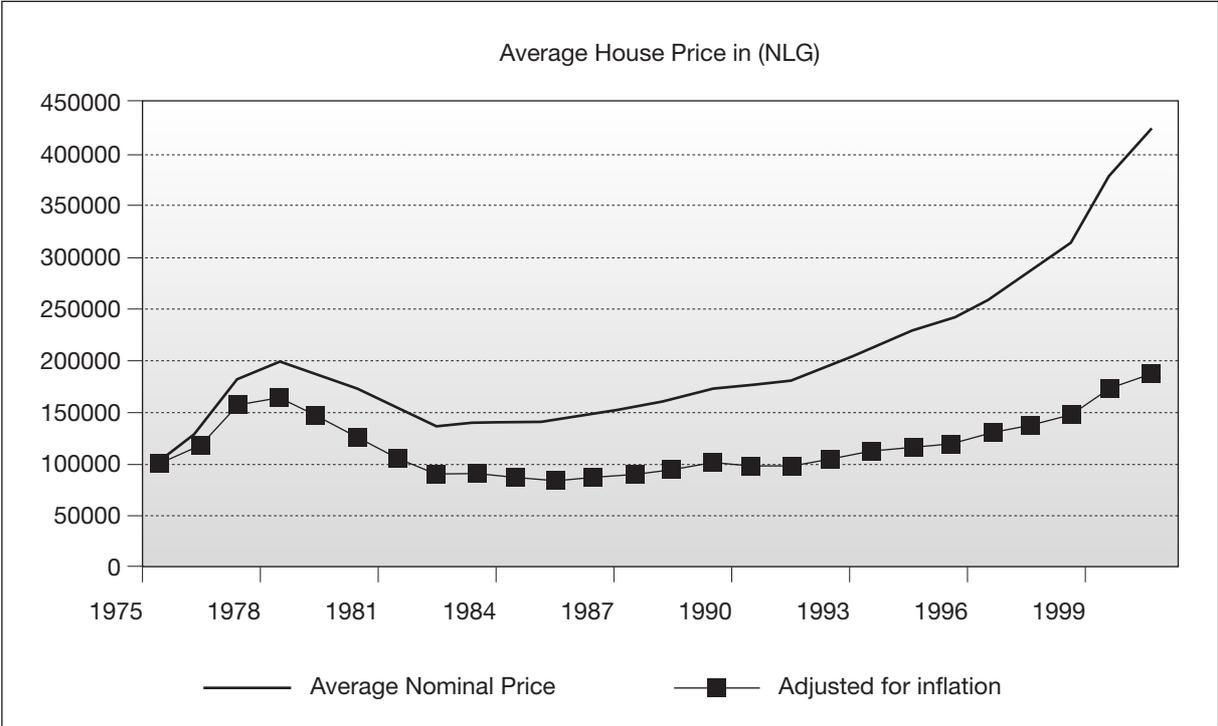
In Holland house prices are registered by the Netherlands Association of Real Estate Brokers (NVM)¹. NVM reported a rise in the median house price of 16.3% in 1999 and 11.9% in 2000. A peak in the rate of house price rises was reached during the last quarter of 1999.

The trend increase of the average house price in the 1990s has been 9.6% p.a. (Source: NVM, Kadata, Rabobank). As described under paragraph *Development of the Netherlands Mortgage Market* above, last decade was characterised by a strong structural demand for private dwellings and a further rise in affordability of residential properties due to various factors. As supply could not fully match this demand, there was a firm base for an upward trend in house prices.

¹ About 60% of all transactions are registered by the NVM, so that the NVM gives a representative picture of the average Netherlands house price development.

The following graph demonstrates the development of residential properties in the Netherlands over the last twenty-five years.

Figure 1: Development of House Prices from 1975



Source: NVM, CBS.

Products

All institutions offer a large variety of mortgage types. The most common are annuity, linear, savings, life insurance and investment mortgages. During recent years savings mortgages and investment mortgages have become the most popular, capturing the majority of the new mortgages granted. For a loan type description please refer to section *Description of Mortgage Loans*.

Netherlands lenders offer variable or fixed rate mortgages. The interest rate periods vary from 1 up to 30 years. The majority of mortgages have fixed interest rates with the option to reset every five, 10 or 15 years.

FORTIS AND ASR

Introduction

The Fortis group of companies ('Fortis') is an international financial services provider active in the fields of insurance, banking and investment. With a market capitalisation of EUR 44.6 billion and around 70,000 employees, Fortis ranks among the fifteen largest financial institutions in Europe.

In its home market, the Benelux countries, Fortis occupies a leading position and offers a broad range of financial services to individuals, companies and the public sector. Outside its home market, Fortis concentrates on selected market segments.

Fortis is listed on the exchanges of Amsterdam, Brussels, London and Luxembourg and has a sponsored ADR programme in the United States.

33

ASR Verzekeringsgroep N.V., together with its subsidiaries, was acquired by Fortis at the end of 2000. Subsequently, by notarial deed of 24 april 2001 a legal merger was effected as of 25 april 2001 between AMEV Nederland N.V. and ASR Verzekeringsgroep N.V.. The merged company thus formed, AMEV Stad Rotterdam Verzekeringsgroep (ASR) N.V. ('ASR'), is the Netherlands insurance entity of Fortis and serves as a holding company for a group of companies mainly consisting of insurance and investment companies, as well as a bank, ASR Bank N.V. ('ASR Bank'). ASR has its registered office in Rotterdam and is registered in the Rotterdam Trade Register under number 30070695.

Key figures (in million euros)	2000	1999	% rise
Fortis			
Profit before taxation	4,135	3,392	22
Net profit	2,768	2,316	19
Non-recurrent income	413	353	
Net operating profit	2,355	1,963	20
Net equity	15,197	13,508	13
Total assets	438,083	406,109	8
Total assets under management	313,846	278,207	13
Return on equity	20.0%	18.7%	
Insurance			
Premium income	15,784	12,527	26
Profit before taxation	2,029	1,624	25
Net profit	1,484	1,289	15
Non-recurrent income	219	353	
Net operating profit	1,265	936	35
Banking			
Total revenue, net of interest expense	8,122	7,389	10
Profit before taxation	2,332	1,942	20
Net profit	1,506	1,185	27
Non-recurrent income	194	0	
Net operating profit	1,312	1,185	11
Key figures per share (in euros)			
Net operating profit	1.94	1.71	13
Net profit	2.28	2.02	13
Net profit after full conversion	2.23	1.98	13
Net equity	11.78	11.46	3
Proposed dividend	0.88	0.76	16

Structure and Activities

ASR is a holding company with interests in companies whose activities are mainly in the field of financial services. The group companies have their own market positions and identities and focus on the market segments in which they have the best growth opportunities. In addition, each group company makes use of the expertise and know-how that for each product/market combination is provided to the group by one group company, thereby further improving the speed and efficiency with which the distribution channel is supplied. Further economies of scale are achieved by co-operation in relation to Actuarial Services, ICT, Finance and Investments, Reinsurance and Human Resource Management. Synergy effects and cost control are promoted by central support department in these areas. The group's strategy focuses on the use of the independent insurance brokers as a distribution channel. The business activities of ASR are concentrated in Stad Rotterdam Verzekeringen (financial servicer with strong positions in the personal as well as small and medium sized business life-, non-life and mortgage markets), AMEV (financial service provider offering extensive line of life, non-life and unit-linked products as well as pension and care insurance products), De Amersfoortse Verzekeringen (occupational disability insurance and life), Europeesche Verzekeringen market leader in travel and leisure activity insurance), Woudsend Verzekeringen (niche insurance company), ASR Bank (group provider of bank service products as home mortgages personal savings and investments and consumer credit), Basic-life (internet based virtual life insurance), AMEV Ardanta ('natura uitvaart' insurance) and Falcon Leven (universal-life linked insurance activities). With a total market share of 12%, measured in terms of premium income (life and non-life together), ASR is a leading Netherlands insurance company being the second largest insurer focussing on intermediaries in the Netherlands.

ASR: Executive Board:

C.J. de Swart (Chairman)

J.C van Ek

V.I. Goedvolk

H.J. Rutten

R.Th. Wijmenga

ASR: Supervisory Board:

A. van Rossum (Chairman)

H. Verwilt

G.G.H. Mittler

ASR Bank

ASR Bank started its banking activities on 29th June, 1992 under the name SR-Bank N.V. The Board of Directors of ASR Bank has its domicile in the city of Rotterdam. Its main activities are the acceptance of savings deposits and the provision of residential mortgages. At the beginning of 1997, N.V. Bouwkas Rohyp, which has been active in the residential mortgage market since 1932, merged with the legal predecessor of ASR Bank. In 2000 ASR Bank advanced new mortgage loans of NLG 6.7 billion, which is 22 per cent. more than in 1999.

The articles of association of ASR Bank were last amended by notarial deed on April 14th, 2000. ASR Bank has its registered office in Rotterdam and is registered in the Trade Register of Rotterdam under number 24046654. ASR Bank is subject to supervision by De Nederlandsche Bank (the Netherlands Central Bank). ASR has declared itself to be liable for all debts resulting from the juridical acts by ASR Bank. ASR Bank currently uses a number of funding channels to finance the mortgage origination. The funding of the mortgage business is roughly organised as follows:

- premium receipts from the company's own life insurance business;
- capital markets (including EMTN programs);
- financing arrangements with partners;
- MBS transactions.
- financing arrangements with Fortis Finance N.V., which is a wholly owned indirect subsidiary of Fortis (B) and Fortis (NL) N.V., each controlling indirectly 50 per cent. of the voting rights.

A financing arrangement has been in place since 1984 with ABP (Algemeen Burgerlijk Pensioenfonds). ABP is the largest Netherlands pension fund, and its business includes providing the pensions of Netherlands civil

servants. Under this financing arrangement, ASR Bank manages a mortgage portfolio of NLG 2.9 billion. Also a portfolio is managed for NIB Capital Bank N.V. (NLG 0.7 billion).

In 1994, co-operation began with De Nationale Investeringsbank N.V. in the form of a number of 'off balance' financing arrangements via Rotterdam Hypotheken B.V. (totalling NLG 630 million). In 1994 the joint venture SR-Hypotheken N.V. was set up. NIB Capital Bank N.V. (formerly the Nationale Investeringsbank) and ASR Bank each have a 50 per cent. share in SR-Hypotheken N.V. At the end of December 2000, this portfolio was worth NLG 3.9 Billion.

In 1997 the first MBS transaction (Dutch MBS 97-II) was concluded in co-operation with NIB Capital Bank N.V. This led to other MBS transactions in 1998 (Dutch MBS 98-I) and 1999 (Dutch MBS 99-III). These three portfolios, coming from the portfolio of ASR Bank and SR Hypotheken N.V., had a total value of NLG 1.3 billion at the end of December 2000. In 2000 Delphinus 2000-I and Delphinus 2000-II were originated with a combined total value of NLG 2.3 billion at year end 2000. Of the total portfolio of over NLG 21.6 billion, effectively NLG 9.2 billion was financed off-balance through financing arrangements referred to above. In May 2001 Dutch MBS 01-I was concluded with a value of over NLG 1.6 billion.

The servicing of these portfolios is carried out entirely by ASR Bank.

Co-operation with the aforementioned institutions has ensured that the Group's funding requirements have been well provided for over the last few years. The demand for mortgage loans is expected to continue, one of the reasons being the relatively low level of home ownership in the Netherlands.

At the end of 2000, ASR Bank had total savings deposits of NLG 1.55 billion.

The Bank offers a number of different savings products, such as instant access and term savings accounts and also runs statutory employee savings schemes for employers.

DESCRIPTION OF MORTGAGE LOANS

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

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds (*‘notariële akten van hypotheekstelling’*) entered into by the Seller (or its legal predecessor) and the relevant Borrowers. The mortgage rights secure only the relevant Mortgage Loan (i.e. the loan granted to the Borrower to acquire the mortgaged property) or, in case of a portion of the Mortgage Loans, the mortgage rights secure not only the Mortgage Loan but also any Further Advances granted to the same Borrower (see paragraph *Credit Mortgages* under section *Special Considerations* above).

36

The Mortgage Loans have been selected according to the criteria list set forth in the Mortgage Receivables Purchase Agreement and are selected in accordance with such agreement, on or before the Closing Date (see ‘Mortgage Receivables Purchase Agreement’). All of the Mortgage Loans were originated by the Seller between 1992 and 2001.

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

The numerical information set out below relates to a provisional pool of mortgage loans (the ‘**Provisional Pool**’) as of 25th April 2001. On the Closing Date a final portfolio will be selected only from those mortgage loans contained in the Provisional Pool. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Loans actually sold at the Closing Date. In each table the weighted average coupon (**‘WAC’**) and the weighted average maturity (**‘WAM’**) are specified.

Mortgage Types

Life Mortgage Loans

A Life Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrowers, which has the benefit of a Life Insurance Policy taken out by the Borrowers with any of the Participants. A Life Insurance Policy is a combined risk and capital insurance policy. Under a Life Mortgage Loan the Borrower pays no principal, but interest and premium for the Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. There are different types of Life Insurance Policies, (i) depending on the way in which the capital element of the premium is invested by the Participant and (ii) depending on the way in which the risk element of the premium is calculated. The capital element is either invested in certain investment funds (*‘Waerdye Hypotheek Plan’* or *‘Maximum+ Plan’*) or, in fixed income products (*‘Stad Rotterdam Plan’*). In case of ‘traditional life’ policies the risk element is fixed (*‘Waerdye Hypotheek Plan’* and *‘Stad Rotterdam Plan’*) and in case of ‘universal life’ policies, the risk element is set annually on the basis of a one-year probability of Borrower’s decease (*‘Maximum+ Plan’*).

The proceeds of the Life Insurance Policy will be applied towards the repayment of the Mortgage Loan at maturity of such policy. The insurance proceeds are due either at the end of the term of the Life Insurance Policy (which is generally 30 years) or, if earlier, upon the death of the Borrower. In case of recent Life Mortgage Loans the part of the Life Mortgage Loan that is not repaid by the insurance proceeds is due at a date that is calculated by the formula: ‘year of birth of the Borrower plus 105 years’.

Savings Mortgage Loans (‘Succes Hypotheek’)

A Savings Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrowers, which has the benefit of a Savings Insurance Policy taken out by the Borrowers with any of the Participants. A Savings Insurance Policy is a combined risk and capital insurance policy. Under a Savings Mortgage Loan the Borrower pays no principal, but interest and premium for the Savings Insurance Policy. The premium consists, apart from a cost element, of a risk element and a saving element. The saving element is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Participant to the relevant Borrower are equal to the amount due by the Borrower to the Seller at maturity of

the Savings Mortgage Loan. The proceeds of the Savings Insurance Policy will be used to repay the Mortgage Loan. The insurance proceeds are due either at the end of the term of the Savings Insurance Policy (which is equal to the term of the Savings Mortgage Loan and usually 30 years) or, if earlier, upon death of the Borrower.

Investment Mortgage Loans ('Beleggingshypotheek')

An Investment Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrowers, which has the benefit of Risk Insurance Policies (as defined in section *Summary* under paragraph *Investment Mortgage Loans*) taken out by the Borrowers with any of the Participants. Under an Investment Mortgage Loan the Borrower pays no principal, but interest and certain monthly instalments. These monthly instalments are, at the option of the Borrower, applied (i) to purchase participations in certain investment funds, (ii) to pay premium under a Savings Insurance Policy with any of the Participants ('*ASR Spaarhypotheek Garantie*'), (iii) to place the amounts involved on a savings account with the Seller ('*ASR Liquide Middelen*'), or (iv) towards a combination of the above (the '**Investments**').

The participations in the investment funds are administered on an investment account with Stichting ASR Beleggersgiro. The investment funds are each managed by SR-Beheer B.V., a company belonging to the same group as the Seller. The management is at the moment contractually delegated to an independent manager. Borrowers can switch their investments or decide to apply their future instalments differently. Borrowers can on each mortgage payment date switch between the various investment funds and '*ASR Liquide Middelen*' and on mortgage interest reset dates to and from '*ASR Spaarhypotheek Garantie*'. A switch of future instalments is free of charge. The costs for a switch of accrued capital to '*ASR Spaarhypotheek Garantie*' or '*ASR Liquide Middelen*' are 1.0 per cent. of the amount being switched. A switch between the various investment funds is the first three times free of charge and thereafter costs 0.5 per cent. of the amount being switched.

At the relevant maturity date of such Investments (which is generally 30 years) an amount equal to the proceeds of the Investments will be applied towards the repayment of the Mortgage Loan. The part of the Investment Mortgage Loan that is not repaid by the Investments is due at a date that is calculated by the formula: 'year of birth of the Borrower plus 105 years'. The insurance proceeds of the Risk Insurance Policy, will upon death of the Borrower, be applied towards the repayment of the Mortgage Loan. The insurance proceeds can, at the option of the Borrower, be including or excluding the value of the Investments.

Interest Only Mortgage Loans ('Aflossingsvrije Hypotheek')

The Mortgage Loan should be repaid at maturity or at an earlier death of a Borrower. This Mortgage Loan will only be granted in combination with Savings Mortgage Loans. The term of this Mortgage Loan is calculated by the formula: 'year of birth of the Borrower plus 105 years'.

Interest Rates

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

Fixed Interest

There is a fixed rate of interest payable on the Mortgage Loans, subject to resets from time to time (often 5, 7, 10, 12 or 15 years).

Margin Interest

The amount of interest payable on the Mortgage Loans is reset annually, subject to caps and floors (relative to a base rate), which provide limited protection against interest rate changes to the borrower. The base rate itself is subject to reset from time to time (5, 8, 10, 12 or 15 years).

Rohyp-Voordeel Interest (only in combination with a Savings Mortgage Loan or a 'traditional life' Mortgage Loan)

During the first 12 months of the Mortgage Loan, the Borrower pays interest at a fixed rate based on a money market rate. During this 12 month period, the Borrower has the option to set his future interest payments at a fixed rate for a period as mentioned under sub-paragraph *Fixed Interest* above. The 12-month option period cannot be renewed.

Rohyp-Aanloop Interest (only in combination with a Savings Mortgage Loan or a 'traditional life' Mortgage Loan)

This interest type is broadly similar to Rohyp-Voordeel, apart from the fact that the 12-month option period can be renewed annually.

PROVISIONAL POOL CHARACTERISTICS

A summary of the key characteristics of the Mortgage Loans

TABLE A

Key Characteristics of the Provisional Pool as of 25 April 2001

Outstanding Principal Balance (EUR)	970,479,257
Average Balance by Borrower (EUR)	130,934
Maximum Loan Value (EUR)	680,670
Number of Loans	7,846
Number of Borrowers	7,412
Weighted Average Seasoning (months)	14.9
Weighted Average Maturity (months)	335.2
Weighted Average Coupon (%)	5.79
Weighted Average Loan-to-Value Ratio (based on indexed foreclosure value and loan balance) (%) ¹	93.99
Weighted Average Loan-to-Value Ratio (based on indexed estimated fair market value and loan balance) (%) ²	79.89

¹ Foreclosure values indexed using NVM (Netherlands Association of Real Estate Brokers) data.

² Foreclosure values are deemed to be 85% of the fair market values.

39

Loan to Indexed Foreclosure Value

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their current loan to indexed foreclosure value.

TABLE B.1

Loan to Indexed Foreclosure Value

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
LTV < 20%	50	1,784,062	0.18%	253	5.79
20.0% <= LTV < 30.0%	251	13,664,486	1.41%	265	5.83
30.0% <= LTV < 40.0%	276	19,347,145	1.99%	288	6.05
40.0% <= LTV < 50.0%	310	25,877,985	2.67%	300	5.97
50.0% <= LTV < 60.0%	465	46,115,085	4.75%	313	5.90
60.0% <= LTV < 70.0%	643	68,045,701	7.01%	319	5.78
70.0% <= LTV < 80.0%	1,032	128,006,436	13.19%	329	5.52
80.0% <= LTV < 90.0%	1,078	135,089,050	13.92%	342	5.55
90.0% <= LTV < 100.0%	1,178	148,189,228	15.72%	343	5.68
100.0% <= LTV < 105.0%	463	60,822,565	6.27%	349	5.82
105.0% <= LTV < 110.0%	527	76,373,211	7.87%	350	6.01
110.0% <= LTV < 115.0%	551	83,217,711	8.57%	351	6.08
115.0% <= LTV < 120.0%	574	92,482,696	9.53%	352	5.98
120.0% <= LTV < 125.0%	377	60,058,806	6.19%	355	5.91
125.0% <= LTV < 130.0%	71	11,405,088	1.18%	356	5.77
Total	7,846	970,479,257	100.00%		

Loan to Indexed Fair Market Value

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their current loan to indexed fair market value.

TABLE B.2

Loan to Indexed Fair Market Value

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
LTV < 20%	109	4,490,639	0.46%	250	5.89
20.0% <= LTV < 30.0%	360	22,212,187	2.29%	279	5.94
30.0% <= LTV < 40.0%	320	25,112,410	2.59%	291	5.98
40.0% <= LTV < 50.0%	513	49,802,911	5.13%	312	5.92
50.0% <= LTV < 60.0%	737	78,734,888	8.11%	320	5.78
60.0% <= LTV < 70.0%	1,238	154,015,843	15.87%	332	5.51
70.0% <= LTV < 80.0%	1,340	168,841,981	17.40%	342	5.58
80.0% <= LTV < 90.0%	1,208	154,627,351	15.93%	346	5.78
90.0% <= LTV < 100.0%	1,325	202,267,688	20.84%	351	6.05
100.0% <= LTV < 105.0%	560	87,876,059	9.05%	354	5.92
105.0% <= LTV < 110.0%	136	22,497,299	2.32%	356	5.82
Total	7,846	970,479,257	100.00%		

Loan to Indexed Foreclosure Value Non-NHG Loans

The distribution of Mortgage Loans not benefiting from an NHG guarantee in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their current loan to indexed foreclosure value.

TABLE B.3

Loan to Indexed Foreclosure Value Non-NHG Loans

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
LTV < 20%	49	1,751,277	0.29%	252	5.81
20.0% <= LTV < 30.0%	246	13,330,958	2.18%	265	5.84
30.0% <= LTV < 40.0%	257	18,185,086	2.97%	287	6.07
40.0% <= LTV < 50.0%	265	22,689,989	3.71%	298	5.99
50.0% <= LTV < 60.0%	363	37,710,508	6.16%	311	5.96
60.0% <= LTV < 70.0%	412	46,076,245	7.53%	321	5.86
70.0% <= LTV < 80.0%	517	72,876,364	11.91%	333	5.63
80.0% <= LTV < 90.0%	474	68,246,543	11.16%	343	5.80
90.0% <= LTV < 100.0%	467	69,209,198	11.31%	343	5.91
100.0% <= LTV < 105.0%	178	26,641,731	4.35%	347	6.00
105.0% <= LTV < 110.0%	251	42,677,964	6.98%	349	6.19
110.0% <= LTV < 115.0%	358	59,189,437	9.67%	348	6.16
115.0% <= LTV < 120.0%	402	70,449,118	11.52%	351	6.02
120.0% <= LTV < 125.0%	309	51,745,846	8.46%	355	5.94
125.0% <= LTV < 130.0%	67	11,009,573	1.80%	356	5.78
Total	4,615	611,789,836	100.00%		

Origination Date

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their date of origination.

TABLE C

Origination Date of the Mortgage Loans

Year of Origination	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
1992	6	395,824	0.04%	237	7.56
1993	48	3,792,917	0.39%	250	6.92
1994	124	7,116,818	0.73%	256	7.11
1995	73	5,640,216	0.58%	269	6.55
1996	190	16,066,124	1.66%	296	6.31
1997	542	52,999,831	5.46%	306	5.61
1998	430	44,054,491	4.54%	323	5.22
1999	1,305	150,277,661	15.48%	333	5.24
2000	3,466	449,746,577	46.34%	344	5.96
2001	1,662	240,388,798	24.77%	349	5.84
Total	7,846	970,479,257	100.00%		

Maturity Date

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to the earlier of (i) the Insurance policy maturity date and (ii) the loan maturity date.

TABLE D

Maturity of the Mortgage Loans

Range of Years	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
2001 <= Maturity < 2005	6	809,578	0.08%	15	5.50
2005 <= Maturity < 2010	17	1,483,106	0.15%	80	5.80
2010 <= Maturity < 2015	76	5,520,529	0.57%	143	5.80
2015 <= Maturity < 2020	270	21,738,529	2.24%	198	5.76
2020 <= Maturity < 2025	546	56,024,924	5.77%	256	6.01
2025 <= Maturity < 2030	2,498	276,698,457	28.51%	327	5.48
2030 <= Maturity < 2035	4,316	592,396,484	61.04%	356	5.92
2035 <= Maturity < 2040	97	12,863,449	1.33%	439	5.47
2040 <= Maturity < 2045	16	2,323,656	0.24%	471	5.34
2045 <= Maturity < 2050	0	0	0.00%	0	0.00
2050 <= Maturity < 2055	1	144,075	0.01%	619	5.70
2055 <= Maturity < 2075	3	476,469	0.05%	812	5.63
Total	7,846	970,479,257	100.00%		

Mortgage Type

The breakdown of Mortgage Loans by loan type in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans).

TABLE E

Type of Mortgage Loans

Repayment Type	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Investment	1,982	300,636,121	30.98%	347	6.07
NHG Investment	12	1,432,715	0.15%	358	6.17
Traditional Life	1,880	242,908,351	25.03%	329	5.66
NHG Traditional Life	3,184	353,906,023	36.47%	341	5.54
Savings	639	50,518,067	5.21%	302	6.37
NHG Savings	29	2,396,747	0.25%	323	6.24
Universal Life	114	17,727,297	1.83%	348	5.98
NHG Universal Life	6	953,935	0.10%	361	5.75
Total	7,846	970,479,257	100.00%		

Interest Type

The breakdown of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to interest rate type.

TABLE F

Interest Type applicable to the Mortgage Loans

Type	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Fixed	5,779	688,155,643	70.91%	335	5.83
Margin	980	123,565,460	12.73%	341	5.56
Rohyp Aanloop	404	60,811,479	6.27%	350	5.62
Rohyp Voordeel	683	97,946,674	10.09%	348	5.92
Total	7,846	970,479,257	100.00%		

Interest Rates

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by level of loan interest rate.

TABLE G

Interest rates applicable to the Mortgage Loans

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
R < 4.0%	15	1,685,754	0.17%	310	3.72
4.0% <= R < 4.5%	64	7,736,743	0.80%	331	4.25
4.5% <= R < 5.0%	756	87,109,764	8.98%	333	4.78
5.0% <= R < 5.5%	1,454	178,439,219	18.39%	333	5.25
5.5% <= R < 6.0%	2,506	319,440,041	32.92%	344	5.74
6.0% <= R < 6.5%	2,074	260,661,162	26.86%	340	6.18
6.5% <= R < 7.0%	840	105,866,638	10.91%	335	6.68
7.0% <= R < 7.5%	72	5,471,689	0.56%	276	7.15
7.5% <= R < 8.0%	37	2,495,867	0.26%	242	7.67
8.0% <= R < 8.5%	18	965,015	0.10%	262	8.22
8.5% <= R < 9.0%	7	477,666	0.05%	270	8.69
9.0% <= R < 9.5%	3	129,699	0.01%	239	9.09
Total	7,846	970,479,257	100.00%		

Interest Reset Dates

A breakdown of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to interest reset date.

TABLE H.1

Interest Reset Dates applicable to the Mortgage Loans in the Provisional Pool

Year	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
2002	1,479	215,798,412	22.24%	347	5.71
2003	59	6,560,342	0.68%	315	5.82
2004	187	12,364,884	1.27%	270	6.54
2005	688	82,020,695	8.45%	342	5.74
2006	526	65,934,066	6.79%	342	6.00
2007	112	10,541,334	1.09%	307	5.82
2008	196	20,549,856	2.12%	308	5.21
2009	672	71,336,002	7.35%	336	5.03
2010	1,856	238,473,313	24.57%	343	5.99
2011	696	91,920,621	9.47%	344	6.24
2012	106	10,429,733	1.07%	307	6.00
2013	162	16,203,417	1.67%	314	5.49
2014	159	17,997,949	1.85%	324	5.29
2015	227	29,444,046	3.03%	333	6.09
2016	31	4,008,306	0.41%	339	6.03
2017	72	6,858,987	0.71%	305	6.56
2018	172	17,390,698	1.79%	312	5.32
2019	361	42,313,172	4.36%	326	5.27
2020	70	8,526,480	0.88%	341	5.78
2021	15	1,806,942	0.19%	344	6.14
Total	7,846	970,479,257	100.00%		

Interest Reset Dates

A breakdown of the all ROHYP interest type Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to interest reset date.

TABLE H.2

Interest Reset Dates applicable to Rohyp Mortgage Loans

Year	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
2002	1,087	158,758,154	16.36%	349	5.80
2003	0	0	0	NA	NA
Total	1,087	158,758,154	16.36%		

Sizes

The distribution of Mortgage Loans in the Provision Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their sizes.

TABLE I.1

Size of Outstanding Mortgage Loans

Range of Loan Sizes (EUR x 1,000)	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Loan Size < 50	630	19,846,373	2.05%	284	5.95
50 <= Loan Size < 100	2,341	185,316,511	19.10%	326	5.77
100 <= Loan Size < 150	2,890	361,547,957	37.25%	341	5.73
150 <= Loan Size < 200	1,275	217,212,802	22.38%	347	5.82
200 <= Loan Size < 250	407	90,371,483	9.31%	344	5.88
250 <= Loan Size < 300	167	45,633,158	4.70%	338	5.95
300 <= Loan Size < 350	65	20,959,036	2.16%	325	5.95
350 <= Loan Size < 400	40	14,951,589	1.54%	335	5.64
400 <= Loan Size < 450	20	8,435,774	0.87%	324	5.74
450 <= Loan Size < 500	4	1,927,241	0.20%	319	5.49
500 <= Loan Size < 550	1	545,444	0.06%	362	5.30
550 <= Loan Size < 750	6	3,731,888	0.38%	372	5.42
750 <= Loan Size < 1,000	0	0	0.00%	NA	NA
Total	7,846	970,479,257	100.00%		

Sizes

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by loan outstandings per borrower.

TABLE I.2

Size of Outstanding Mortgage Loans (on a per borrower basis)

Range of Loan Sizes (EUR x 1,000)	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Loan Size < 50	311	11,981,546	1.23%	266	6.00
50 <= Loan Size < 100	2,144	170,974,517	17.62%	326	5.76
100 <= Loan Size < 150	2,869	359,430,109	37.04%	341	5.74
150 <= Loan Size < 200	1,333	227,397,596	23.43%	347	5.82
200 <= Loan Size < 250	422	93,620,977	9.65%	342	5.87
250 <= Loan Size < 300	177	48,180,829	4.96%	339	5.95
300 <= Loan Size < 350	73	23,587,662	2.43%	326	5.97
350 <= Loan Size < 400	44	16,417,755	1.69%	336	5.69
400 <= Loan Size < 450	21	8,867,773	0.91%	322	5.80
450 <= Loan Size < 500	7	3,288,582	0.34%	314	5.66
500 <= Loan Size < 550	1	544,536	0.06%	238	5.80
550 <= Loan Size < 750	10	6,187,374	0.64%	357	5.57
750 <= Loan Size < 1,000	0	0	0.00%	NA	NA
Total	7,412	970,479,257	100.00%		

MUNICIPALITY/NHG GUARANTEE PROGRAMME

As of the Closing Date around 36.9 per cent. of the total portfolio of Mortgage Loans benefits from NHG Guarantees (as defined below) or Municipality Guarantees (as defined below).

Municipality Guarantee

In 1960, the Netherlands government introduced the 'municipal government participation', an open ended scheme in which the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence (each a '**Municipality Guarantee**'). The municipalities and the State shared the risk on a 50/50 basis. If a municipality were unable to meet its obligations under the Municipality Guarantee, the State would make an interest free loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Guarantee is reduced accordingly. Further advances made under the mortgage loan are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

47

NHG Guarantee

Since 1 January 1995 a central, privatised entity '*Stichting Waarborgfonds Eigen Woningen*' ('**WEW**') is responsible for the administration and granting of the '*Nationale Hypotheek Garantie*' ('**NHG Guarantee**'), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and foreclosure costs. To the extent that the mortgage loan is partially redeemed either through scheduled repayments or prepayments, the NHG Guarantee is reduced accordingly. In addition, irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis with an amount which equals the amount of monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. Further advances or redrawings of prepaid amounts made under the mortgage loan are not covered by the NHG Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled principal payments. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such loans for purposes of the calculation of the amount guaranteed under the NHG.

Transition from Municipality to NHG Guarantee

The Netherlands State has effectively transferred its reimbursement obligations with respect to Municipality Guarantees to the WEW. The majority of the participating municipalities transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to the WEW. The remaining municipalities retained them and continue to benefit from the previous risk-sharing arrangements with the State.

The transfer of obligations by the State and the participating municipalities to the WEW is set forth, respectively, in a 'buy-off' agreement ('*afkoopovereenkomst*') dated 8 December 1994 between the State and the WEW and in standard buy-off agreements entered into between each participating municipality and the WEW. The buy-off agreements basically provide for the WEW to assume all payment obligations of the State and the participating municipalities under guarantees issued (but not enforced) prior to 1 January 1995, against payment by the State and the participating municipalities of an up-front lump sum (and, if necessary, additional payments) to the WEW.

Financing of the WEW

The WEW finances itself, inter alia, by a one-off charge to the borrower of 0.30 per cent. of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the State of the Netherlands and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the 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 fund to the WEW, by means of subordinated interest free loans, the other 50 per cent. of the difference. Both the keep well agreement between the State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of

the State and the municipalities to enable the WEW at all times (including in the event of bankruptcy, suspension of payments or liquidation of the WEW) to meet its obligations under guarantees issued.

Terms and Conditions

Municipality Guarantees

The State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, inter alia, the following conditions had to be met: (1) a municipality guarantee must be applied for before the purchase of a property; (2) the applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed NLG 250,000; (4) the relevant loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged property, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the Mortgaged Property by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the property is adequately insured (by the borrower) against fire damage during the term of the loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (1) without the consent of the municipality the lender shall not agree to a suspension of payment under the loan; (2) the lender must inform the municipality on a yearly basis as to the amount outstanding under the loan; (3) if and when the borrower is in default of the borrower under the loan, the lender must inform the municipality accordingly; (4) if the default of the borrower under the loan is continuing, the lender may not sell the mortgaged property, except with the consent of the municipality; (5) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant Seller and forwarded to the NHG to register the mortgage and establish the guarantee.

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.

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 '*Bureau Krediet Registratie*' ('**BKR**'), a central credit agency used by all financial institutions in the Netherlands, which registers the current and recent (for the previous five years) credit record (if any) of borrowers in the Netherlands.

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 priority mortgage right and 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 take out life insurance, the rights under the policy being pledged to the lender, for the term of the loan if the loan is more than 50 per cent. of the free market value of the property. The mortgage conditions should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge shall be applied firstly towards repayment of the loan guaranteed under the NHG.

The NHG guarantee can be issued up to a maximum of EUR 190,000 (as of 1 January 2000).

In its letter dated 1 June 2001, the WEW has confirmed that the starting point for its policies is that each financial institution with which it has a guarantee arrangement acts in good faith (*'te goeder trouw'*) and that breaches of the terms and conditions (the '*Voorwaarden en Normen*'), which do not have a material influence on the occurrence and the size of the loss, would not prevent a payment under the claims.

In that context the WEW has confirmed that if certain prescribed texts relating, inter alia, to the application of proceeds are not actually included in the text of the agreement with the borrower, which is the case in respect of the Mortgage Conditions applicable to the Credit Mortgages, this requirement will have deemed to have been complied with if the proceeds of foreclosure on the mortgage right and/or the right of pledge, respectively, are used to repay the relevant loan before any other debts of the borrower vis-à-vis the mortgagee are repaid, even if this is not explicitly agreed in writing at the time the relevant loan was entered into.

The WEW also confirmed that if a financial institution should transfer to a third party its rights under mortgage loans which have the benefit of a guarantee and which are registered with the WEW in accordance with the provisions of the *'Voorwaarden and the Normen'*, pursuant to a sale by that financial institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third party transferee will become the beneficiary of the guarantee as provided for in Article 6:142 sub-section 1 of the Netherlands Civil Code.

Claiming under the Municipality Guarantee

The claim must be made under the same conditions as for the NHG claim (see below). There are three possibilities for claiming payment for a defaulted mortgage loan covered by a Municipality Guarantee: (1) the municipality has joined the NHG arrangement and has transferred its obligations to the NHG, (2) as for (1) but the municipality has retained its old obligations, or (3) the municipality has not joined the NHG arrangement:

- (1) The claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to the WEW which makes the payment to the lender;
- (2) the claim is made to the issuing municipality which checks the claim and makes the payment to the lender (NHG will reimburse the municipality for 50% of the claim);
- (3) the claim is made to the issuing municipality, which checks the claim and makes the payments to the lender.

In all cases the full file of relevant information must be submitted with the claim within the required time. Payment should be made within two months. If not, interest is payable for the delayed payment period.

Claiming under the NHG Guarantees

When the borrower is in arrears with payments under the mortgage loan for a period of 7 monthly instalments, 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 loan. Permission of the WEW is required in case of a private sale.

Within two months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, NHG must make payment within two months. If the payment is late, provided the request is valid, NHG must pay interest for the late payment period.

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

MORTGAGE LOAN UNDERWRITING AND SERVICING

ORIGINATION

Introduction

The mortgage loans involved are originated by ASR Bank (or its legal predecessor), which is supervised by the Netherlands Central Bank. Mortgages are distributed through the channel of independent broker agents. New mortgage loans are accepted on the basis of a fixed underwriting protocol. The principal items in the underwriting protocol are:

a) *Housing ratio*

The maximum amount of the mortgage loan that will be granted is initially determined by the housing ratio. The housing ratio reflects the maximum percentage of income that can be committed to paying the interest and repayments on the mortgage loan. Mortgage loans are granted in standard cases up to a maximum of NLG 1,000,000 (EUR 450,000). Higher amounts are only possible with approval of senior management. In determining the housing ratio, a distinction is made between single and dual income households. In the case of single income households, the ratio is higher than the combined ratios of dual income households. The policy on dual income households assumes that the second income will diminish over time. Allowance is made for this from the start by setting a lower housing ratio.

b) *Income*

On average 93% of mortgage borrowers of ASR Bank receive income from paid employment. In the case of 7% of the applications, the income is generated from self-employed activity. The income components are stipulated in the protocol. A check on the income is conducted by requesting a recent employer's declaration. Self-employed persons have to submit full annual accounts (including auditor's report of stamp) for the business over the past three years. A director/majority shareholder is regarded as self-employed.

c) *National Credit Register (BKR)*

A check is done on every mortgage borrower with the National Credit Register (*'Bureau Krediet Registratie'*) in Tiel. All financial commitments over the past five years which mortgage borrowers have entered into with financial institutions are recorded here.

d) *Collateral*

All collateral offered in the form of existing buildings is valued by an independent valuer not involved in the transaction. For this purpose, a broker is used who is a member of the *'Nederlandse Vereniging van Makelaars'* (**'NVM'**) (Netherlands Association of Real Estate Brokers) or the *'Landelijke Makelaars Vereniging'* (**'LMV'**) (National Real Estate Brokers' Association). On the Netherlands market, it is common for new property to be valued at the design and specification stage. Mortgage loans are granted up to 130% of the foreclosure value. The foreclosure value equals approximately 85% of the appraisal value. A standard interest rate is charged for mortgages with NHG or a maximum size of 60% of the foreclosure value. For mortgage loans higher than 60% of the foreclosure value an extra interest spread is charged to the client. The extra interest spread is calculated on the total mortgage balance.

e) *Other underwriting conditions*

Apart from the principal underwriting factors already mentioned, the following rules apply: (i) mortgage loans are granted only to individuals, (ii) joint and several liability for the mortgage receivable (all owners are joint and several debtors) and (iii) mortgage loans are granted on the borrower's own home only (no renting).

Mortgage Analysis Program

The mortgage calculations are done by computer. For this purpose, every underwriter uses the Mortgage Analysis Program (**'HAP'**). Broker agents can communicate with the origination department through the Mortgage Data Netwerk (**'HDN'**). The HAP carries out the check for the NHG and the maximum mortgage. It also calculates the forecast value of the life insurance policy that forms part of the collateral. Furthermore in HAP the proposals are produced. Periodically, an internal audit checks whether the mortgage loans granted do conform to the set underwriting protocol. Mortgages exceeding NLG 1,000,000 (EUR 450,000) and mortgages where the housing ratio is up to 2% more than the maximum number according to the guidelines

have to be approved by senior management. Mortgages exceeding NLG 1,250,000 (EUR 560,000) or other deviations from the guidelines, have to be approved by the credit committee of the Seller.

SERVICING

Introduction

ASR Bank's mortgage activities form part of the Mortgage and Finance divisions. The Mortgage division comprises all commercial activities leading to the grant of mortgage loans and the technical administrative control of the portfolio. Activities carried out by the Finance division and relating to mortgages consist of the collection of interest payments, standard accounting routines and initiation of the procedure for managing arrears. The responsible officials have an average of 15 years' experience in the mortgage business.

A daily back-up is made of the mainframe systems. The networks and individual personal computers are provided with a back-up by the same method. The back-ups are stored in a fire/burglar-proof safe at the Utrecht branch. An agreement has been entered into with the '*Computer Uitwijk Centrum*' (Computer Back-up Centre) in Delft for any disasters concerning the computer. The procedure for this is tested each year. In the case of externally developed software (HAP), the sources are available and stored. When the Seller was computerised, a service level agreement ('**SLA**') was concluded which has been approved by the Netherlands Central Bank.

Collections

The portfolio administrative control is divided into collection procedure, administration, administrative control of arrears, technical administrative control, interest rate reviews and file creation. Mortgage interest is actually collected by direct debit from 90% of all mortgage borrowers. In respect of the Mortgage Loans interest is collected by direct debit account in 99% of all mortgage loans. Each month the mainframe automatically calculates the amount of interest due. On the first business day of each month the interest amounts are collected in advance. In the case of Borrowers whose balance was insufficient, the direct debit procedure is repeated around the 15th of the month. When the direct debit still fails a giro collection form is issued. Borrowers who do not use a direct debit will receive a giro collection form. The interest received is recorded in the mortgage borrower's ledger account. From there on, all payments per borrower are automatically recorded under each operating entity, the key to the system being the combination of the company code and the mortgage number.

Arrears management

If borrowers fail to meet their payment obligations within 30 days following the due date, the arrears administrative control procedure applies. The arrears administrative control procedure is as follows:

- if, 30 days after the due date, the money has not been received, the first reminder is sent out. This letter is accompanied by a giro collection form and is issued automatically by the system.
- if, 60 days after the due date, no money has been received, a second reminder is sent out. This letter is accompanied by a giro collection form and is issued automatically by the system.
- after 90 days guarantors, if any, are informed that payment has not been received. The Netherlands local authorities that have issued a municipal guarantee form the largest group of guarantors. In the case of the national mortgage guarantee, this letter is sent after 150 days.
- if no payment has been received 90 days after the due date, a warning is sent by registered letter, that if payment is still not made the whole loan may be recalled. The period allowed for payment is fifteen days.
- if at the end of this period payment has still not been made, the borrowers are contacted by telephone.
- if, 120 days after the due date, nothing has been received (see explanatory notes below) and no suitable solution has been found, the loan will be finally recalled.

During the period in which the arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrowers and the company.

Default management

In the case of failure to comply with agreed payment schemes, or if it is evident that there is no prospect of the interest and/or premium arrears being paid in the near future, the file is handed over to the technical

administrative control department. As per year end 2000, out of a total of 103,638 mortgages 323 files are currently handled by this specialised department. The technical administrative control department deals with the specialised handling of these files. Public sale is arranged only if there is no prospect of any solution. Apart from public sale as a result of arrears of payment on mortgages, such sale may also result from attachment or bankruptcy of the borrowers. In the case of attachment or bankruptcy the auction is ordered immediately.

ASR Bank plays an active role in the public auction process and actually bids on the property if necessary, regardless of whether the auction concerns the portfolio of ASR Bank or portfolios where it acts as third party servicer. In principle, bids are made up to the foreclosure sale value of the property, with the provision that bids never exceed the amount of the total debt. As servicer under this securitisation transaction ASR Bank will follow the procedures as described above.

If a residual debt remains after the auction or private sale, the borrowers are liable for that residue. In principle, a new payment scheme is arranged for the residual debt. If the borrowers do not wish to agree to any payment scheme, an external collection agency is brought in to see whether the claim can be collected.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

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. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**'Notification Events'**). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following such assignment as of the Closing Date.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the **'Initial Purchase Price'**) which shall be payable on the Closing Date, and a deferred purchase price (the **'Deferred Purchase Price'**). The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each **'Deferred Purchase Price Instalment'** will be equal to the positive difference, if any, between the Notes Interest Available Amount as calculated on each Calculation Date and (i) prior to an Enforcement Notice, the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (o) and (ii), after an Enforcement Notice, the sum of all amounts payable by the Issuer as set forth in the Priority of Payments upon Enforcement under (a) up to and including (l) (see section *Credit Structure* above) on such date.

Representations and warranties

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Loans and the Mortgage Receivables that – inter alia – :

- (a) the Mortgage Receivables are duly and validly existing;
- (b) the Seller has full right and title 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) the Seller has power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any encumbrances and attachments and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables;
- (e) each Mortgage Receivable is secured by a mortgage right on a residential property in the Netherlands and is governed by Netherlands law;
- (f) upon creation of each mortgage right securing the Mortgage Loans, the Seller was granted power by the mortgage deed to unilaterally terminate such mortgage right and such power to terminate has not been revoked, terminated or amended;
- (g) each residential property concerned was valued when application for a Mortgage Loan was made by an independent qualified valuer or surveyor except that in case of Mortgage Loans of which the principal sum outstanding does not exceed 50% of the purchase price of the residential property and Mortgage Loans secured by newly built properties with a value less than NLG 750,000 no valuation is required; valuations are not older than 6 months prior to the date of mortgage application by the Borrower;
- (h) each Mortgage Receivable and the mortgage right and the right of pledge, if any, securing such receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower;
- (i) each Mortgage Loan was originated by the Seller;
- (j) all mortgage rights and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid mortgage rights (*'hypothekrechten'*) and rights of pledge (*'pandrechten'*), respectively, on the assets which are the subject of the mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, entered into the appropriate public register, (ii) have first priority or first and second priority or first, second and third priority and (iii) were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Seller on behalf of the Borrower, together up to an amount equal to 155 per cent., of the outstanding principal amount;
- (k) each of the Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to either version of the general terms and conditions and in the form of the forms of mortgage deeds attached to the Mortgage Receivables Purchase Agreement as Schedule 5;
- (l) the particulars of each Mortgage Receivable, as set forth in the list of Mortgage Receivables attached to the Mortgage Receivables Purchase Agreement as Schedule 1 and as Annex 1 to the Deed of Assignment to be signed at the Closing Date, are correct and complete in all material respects;

- (m) each of the Mortgage Loans meets the Mortgage Loans Criteria as set forth below;
- (n) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements and the Code of Conduct on Mortgage Loans (*'Gedragscode Hypothecaire Financieringen'*) and materially met the Seller's standard underwriting criteria and procedures as set forth in the Acceptance Conditions attached to the Mortgage Receivables Purchase Agreement;
- (o) all Savings Mortgage Receivables are listed in Schedule 1 of the Mortgage Receivables Purchase Agreement under number 1961 up to and including number 2619, all Investment Mortgage Receivables are listed in Schedule 1 of the Mortgage Receivables Purchase Agreement under number 1 up to and including number 1960 and all Life Mortgage Receivables (not being Savings Mortgage Receivables and Investment Mortgage Receivables) are listed in Schedule 1 of the Mortgage Receivables Purchase Agreement under number 2620 up to and including number 7720;
- (p) each of the Savings Mortgage Receivables and of the Investment Savings Mortgage Receivables, has the benefit of Savings Insurance Policies and either (i) the Seller has been validly appointed as beneficiary (*'begunstigde'*) under such Savings Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Savings Insurance Policies, which has been notified to the relevant participants, or (ii) the relevant Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (q) each of the Life Mortgage Receivables has the benefit of a Life Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*'begunstigde'*) under such Life Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the relevant Participants, or (ii) the relevant Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (r) each of the Investment Mortgage Receivables has the benefit of a Risk Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*'begunstigde'*) under such Risk Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Risk Insurance Policies, which has been notified to the relevant Participants, or (ii) the relevant Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (s) the insurer under each Insurance Policy is one of the Participants and in respect of Investments Mortgage Loans and Life Mortgage Loans in the form of *'Maximum + Plan'*, the Investments are those set out in the relevant brochures, which may become available from time to time;
- (t) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
- (u) the notarial mortgage deeds (*'minuut'*) relating to the Mortgages are kept by a civil law notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, are kept by the Seller;
- (v) to the best knowledge of the Seller, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (w) each mortgage receivable that is secured by the same Mortgage is sold and assigned to the Company pursuant to the Mortgage Receivables Purchase Agreement;
- (x) the full principal amount of each Mortgage Loan was in case of each of the Mortgage Loans paid to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit (*'bouwdepot'*);
- (y) with respect to each of the Mortgage Receivables resulting from a Savings Mortgage Loan, an Investment Mortgage Loan or a Life Mortgage Loan to which an Insurance Policy is connected, a valid right of pledge has been entered into by the Seller and the relevant Borrower and such right of pledge has been notified to the relevant Participants;
- (z) each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable had, at the time the Mortgage Loan was advanced the benefit of buildings insurance (*'opstalverzekering'*) for the full reinstatement value (*'herbouwwaarde'*);
- (aa) the mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off;
- (bb) the aggregate principal sum outstanding of all Mortgage Receivables is equal to Euro 958,820,178.23;

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within 14 days of

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

If the Seller agrees with a Borrower to make a Further Advance prior to the occurrence of a Notification Event and partial termination of the relevant mortgage right (see paragraph *Notification Events* below), it shall repurchase and accept reassignment of the Mortgage Receivable on the terms and conditions set forth above (see also paragraph *Substitution* below).

The Seller shall also undertake to repurchase and accept reassignment of a Mortgage Receivable if it agrees with a Borrower to amend the terms of the relevant Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, which include the condition that after such amendment the relevant Mortgage Loan continues to meet each of the Mortgage Loans Criteria (as set out below) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above).

Furthermore the Seller shall undertake to repurchase and accept reassignment of a Mortgage Receivable if the Borrower has under the terms of an Investment Mortgage loan, requested to switch the premia accumulated in the relevant Savings Insurance Policy with any of the Participants (*'ASR Spaarhypotheek Garantie'*) into another eligible investment under the Investment Mortgage Loan.

Mortgage Loans Criteria

Each of the Mortgage Loans will meet the following criteria:

- (a) the Mortgage Loans are either:
 - a. Life Mortgage Loans (*'levenhypotheeken'*), which can be in the form of *'Waerdije-Hypotheek Plan'*, *'Stad Rotterdam Plan'* or *'Maximum + Plan'*;
 - b. Savings Mortgage Loans (*'spaarhypotheeken'*);
 - c. Investment Mortgage Loans (*'beleggingshypotheeken'*);
 - d. Mortgage Loans which combine Savings Mortgage Loans with interest-only mortgage loans (*'aflossingsvrije hypotheeken'*);
- (b) the Borrower is a resident of the Netherlands and not an employee of the Seller or any of its group companies;
- (c) the mortgaged property was not the subject of residential letting at the time of origination of the Mortgage Loan;
- (d) each mortgage right securing a Mortgage Loan has been created after 1 January 1992;
- (e) the interest rate of each Mortgage Loan is fixed or floating, subject to an interest reset from time to time, or in case of a Mortgage Loan with a so called margin interest rate, variable on an annual basis;
- (f) interest payments are scheduled to be made monthly in advance by direct debit;
- (g) the principal sum outstanding of each Mortgage Loan, or of all Mortgage Loans secured on the same mortgaged property together, did not exceed 130 per cent. of the foreclosure value of the mortgaged property upon origination of the Mortgage Loan or Mortgage Loans, as the case may be;
- (h) each Mortgage Loan, or all Mortgage Loans secured on the same mortgaged property, has a principal sum outstanding of not more than NLG 2,500,000;
- (i) each Mortgage Loan is secured by a first-ranking mortgage right, or in case of Mortgage Loans secured on the same mortgaged property, first and second-ranking mortgage rights or first-, second-, and third-ranking mortgage rights;
- (j) no Mortgage Loan will have a legal maturity beyond 105 years from the date of birth of the relevant Borrower or June 2064, whichever is later;
- (k) on 1 June 2001 or, in case of substitution, on the relevant Quarterly Payment Date no amounts due under any of the Mortgage Receivables are overdue and unpaid;
- (l) all Mortgage Loans are fully disbursed (no *'bouwhypotheeken'*); and
- (m) the mortgaged property is located in the Netherlands;

- (n) where compulsory under the acceptance conditions, the Mortgage has a compulsory Life Insurance Policy or Risk Insurance Policy attached to it.

The same criteria apply to the selection of Substitute Mortgage Receivables.

Notification Events

If, inter alia:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party or any other party (except the Issuer and the Security Trustee) does not comply with any of the obligations under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after notice thereof has been given by the Company or the Security Trustee to the Seller or such other party; or
- (c) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*'ontbinding'*) and liquidation (*'vereffening'*) or legal demerger (*'juridische splitsing'*); or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*'Noodregeling'*) as referred to in Chapter X of the Netherlands Act on the Supervision of the Credit System 1992 (**'Wtk'**) or for bankruptcy or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) the Seller during a period of any two consecutive months fails to have a solvency ratio on a consolidated basis equal to or greater than the percentage required by clause 4001 of the Guidelines issued pursuant to the Wtk as set out in the Netherlands Central Bank's Credit System Supervision Manual as amended from time to time (**'Handboek Wtk'**) or pursuant to Clause 4101 of the Handboek Wtk the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Clause 4101 of the Handboek Wtk; or
- (f) the Netherlands Central Bank has restricted the Seller's powers in accordance with Clause 28.3(a) of the Wtk or has made an official announcement as referred to in Clause 28.3(b) of the Wtk and within two weeks after any such events the Seller has not taken the necessary steps resulting in such measures being withdrawn;

then the Seller shall, unless the Security Trustee, after having received confirmation from Moody's and Fitch that no downgrading of the Notes will occur as a result of not giving notice as described below, instructs it otherwise, forthwith notify the Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of (i) the termination of the mortgage rights and the rights of pledge securing the Mortgage Receivables in as far as they secure other debts than the Mortgage Receivables assigned to the Issuer and (ii) the assignment of the Mortgage Receivables or, at its option, the Issuer shall be entitled to make such notifications itself.

Substitution

The Mortgage Receivables Purchase Agreement provides that (i) up to 25 June 2004 the Issuer shall use the Notes Redemption Available Amount, and (ii) thereafter up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date any amounts received as a result of a repurchase by the Seller of Mortgage Receivables in connection with (x) the granting of a Further Advance or (y) a switch from a Savings Insurance Policy under an Investment Mortgage Loan to another eligible investment, to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation and including an amount equal to the Initial Participation of any Substitute Mortgage Receivables and Substitute Investment Mortgage Receivables to which a Savings Insurance Policy is connected, to be purchased on the relevant Quarterly Payment Date and (iii) thereafter nil (the **'Substitution Available Amount'**), to purchase any Substitute Mortgage Receivables from the Seller if

and to the extent offered by the Seller. The initial purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be equal to the aggregate outstanding principal amount in respect of such Substitute Mortgage Receivables at the date of completion of the sale and purchase thereof.

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

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold and relating to the Seller;
- (b) no Notification Event has occurred and is continuing;
- (c) not more than 2.5 per cent. of the aggregate outstanding principal amount of the Mortgage Loans is in arrears for a period exceeding 60 days;
- (d) the amount standing to the credit of the Reserve Account is from the Closing Date up to the Quarterly Payment Date on 25 June 2002 at least 0.5 per cent. and thereafter not less than 0.75 per cent. of the aggregate principal amount outstanding of the Notes, excluding the Subordinated Class D Notes, on the Closing Date;
- (e) the weighted average of the aggregate proportions of the outstanding principal amount of each Mortgage Loan and Substitute Mortgage Loan (excluding Mortgage Loans having the benefit of a Municipality Guarantee or a NHG Guarantee) to the Foreclosure Value of the mortgaged property (the '**LTFV-ratio**') does not exceed 106 per cent. The Company and the Seller may agree to a higher LTFV-ratio up to an amount of 110 per cent., subject to the confirmation of the Rating Agencies that no downgrading of the Notes, excluding the Subordinated Class D Notes, will occur as a result thereof;
- (f) the aggregate outstanding principal amount of the Substitute Mortgage Loans and the Mortgage Loans purchased by the Issuer since the Annual Payment Date immediately preceding the relevant date of completion of the sale and purchase does not exceed 20 per cent. of the aggregate principal amount outstanding of the Notes on such Annual Payment Date. The Company and the Seller may agree to a higher percentage, subject to the confirmation of the Rating Agencies that no downgrading of the Notes will occur as a result thereof;
- (g) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to Clauses 7 and 9 of the Mortgage Receivables Purchase Agreement;
- (h) the Substitution Available Amount is sufficient to pay the purchase price for the relevant Substitute Mortgage Receivables;
- (i) the then current rating of the Notes by the Rating Agencies is not adversely affected as a result of such substitution;
- (j) the aggregate outstanding principal amount of the Mortgage Receivables having the benefit of a Municipality Guarantee or a NHG Guarantee will not be less than 32 per cent. of the aggregate principal amount outstanding of all Mortgage Receivables;
- (k) up to the Quarterly Payment Date on 25 June 2004, the cumulative realised losses do not exceed 0.75 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date and thereafter 1.5 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date.

SERVICING AGREEMENT

Services

In the Servicing Agreement the Pool Servicer will agree (i) to provide administration and management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights (see further section *Mortgage Loan Underwriting and Servicing* above) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Floating Rate GIC Account and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer from the Reserve Account, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made pursuant to the Conditions under the Notes.

The Pool Servicer will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to each of the Participants a sub-participation in the relevant Savings Mortgage Receivables and Investment Savings Mortgage Receivables.

Participation

In the Sub-Participation Agreement each of the Participants will undertake to pay to the Issuer:

- (i) at the Closing Date or, in case of purchase and assignment of Substitute Savings Mortgage Receivables or substitute Investment Mortgage Receivables to which a Savings Insurance Policy is connected, the relevant Quarterly Payment Date, the sum of the amounts due up to such date by the relevant Borrowers to the Participants as Savings Premium and accrued interest thereon (the **'Initial Participation'**);
- (ii) on each Mortgage Payment Date an amount equal to the amount scheduled to be received by the relevant Participant as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies.

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

$$\frac{(P + S) \times R + S}{H}$$

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

S = the amount of the Savings Premium scheduled to be received in the Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be, and paid to the Issuer by the relevant Participant;

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

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

In consideration for the undertaking of the Participants described above, the Issuer will undertake to pay to each Participant on each Mortgage Payment Date an amount equal to the Participation in each of the Savings Mortgage Receivables and Investment Savings Mortgage Receivables in respect of which amounts have been received during the relevant Mortgage Calculation Period (i) by means of repayment and prepayment under the relevant Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and Investment Savings Mortgage Receivables, (ii) in connection with a repurchase of Savings Mortgage Receivables and Investment Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings Mortgage Receivables and Investment Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Proceeds on any Savings Mortgage Receivable or Investment Savings Mortgage Receivable to the extent such amounts relate to principal (the **'Participation Redemption Available Amount'**).

Reduction of Participation

If:

- (i) a Borrower invokes a right of set-off or a defence against any person in respect of the Savings Mortgage Receivables or the Investment Savings Mortgage Receivables based upon a default in the performance, whether in whole or in part and for any reason, by the Participant of its obligations under the relevant Savings Insurance Policy; or
- (ii) the Seller fails to pay any amount due by it to the Issuer in accordance with the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or an Investment Savings Mortgage Receivable;

60

and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be, the Participation of the relevant Participant in respect of such relevant Savings Mortgage Receivable or Investment Savings Mortgage Receivables, as the case may be, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

Enforcement Notice

If an Enforcement Notice (as defined in Clause 10 of the Conditions) is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Participants may, and is so directed by the Participants shall, by notice to the Issuer:

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

Termination

If one or more of the Savings Mortgage Receivables and Investment Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Company to a third party pursuant to the Trust Deed, the Participation in such Savings Mortgage Receivables and Investment Savings Mortgage Receivables will terminate and the Participation Redemption Available Amount in respect of the Savings Mortgage Receivables and the Investment Savings Mortgage Receivables will be paid by the Issuer to the relevant Participants. If so requested by the relevant Participants, the Issuer will undertake its best efforts to ensure that the acquiror of the Savings Mortgage Receivables and Investment Savings Mortgage Receivables will enter into a Sub-Participation Agreement with the Participants in a form similar to the Sub-Participation Agreement. Furthermore, the Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business of any Mortgage Calculation Date each of the Participants has received the Participation in respect of the Savings Mortgage Receivables and Investment Savings Mortgage Receivables.

DELPHINUS 2001-I B.V.

The Issuer was incorporated with limited liability under the laws of the Netherlands on 19 June 2001 under number B.V. 1.165.411. The registered office of the Issuer is in Amsterdam, the Netherlands.

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

61

The Issuer has an authorised share capital of euro 100,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Delphinus.

Stichting Delphinus is a foundation (*‘stichting’*) incorporated under the laws of the Netherlands on 16 June 2000. The objects of Stichting Delphinus are, inter alia, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Delphinus is ATC Trustees (Netherlands) B.V.. The sole managing director of ATC Trustees (Netherlands) B.V. is O.B. Linker.

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

The sole managing director of the Issuer is ATC Management B.V. The sole managing director of ATC Management B.V. is O.B. Linker.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2002.

Capitalisation

The following table shows the capitalisation of the Issuer as of 19 June 2001 as adjusted to give effect to the issue of the Notes:

Share Capital

Authorised Share Capital	euro	100,000
Issued Share Capital	euro	18,000

Borrowings

Senior Class A1 Notes	euro	703,000,000
Senior Class A2 Notes	euro	200,000,000
Mezzanine Class B Notes	euro	40,500,000
Junior Class C Notes	euro	12,000,000
Subordinated Class D Notes	euro	5,000,000
Initial Participation	euro	3,255,405

Auditors' Report

The following is the text of a report received by the Board of Managing Directors of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

'To the Directors of Delphinus 2001-I B.V.

Amsterdam, 21 June 2001

Dear Sirs:

Delphinus 2001-I B.V. (the '**Company**') was incorporated on 19 Juni 2001 under number B.V. 1.165.411 with an issued share capital of euro 18,000. The Company has not yet prepared any financial statements. Since its incorporation, the Company 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 Offering Circular dated 25 June 2001.

Yours faithfully,
Ernst & Young Accountants'

USE OF PROCEEDS

The net proceeds of the issue of the Senior Class A1, the Senior Class A2, the Mezzanine Class B and the Junior Class C Notes will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement. The net proceeds of the issue of the Subordinated Class D Notes, reduced by euro 64,773.21 that will be applied towards the payment of the Initial Purchased Price, will be credited to the Reserve Account.

The net proceeds of the Notes to be issued on the Closing Date amount to euro 957,615,400.

DESCRIPTION OF SECURITY

The Notes will be secured by the Deed of Surety to be entered into by the Security Trustee with (i) the Managers as initial Noteholders, (ii) the Directors, (iii) the Company Administrator, (iv) the Pool Servicer (v) the Principal Paying Agent, (vi) the Paying Agent, (vii) the Reference Agent, (viii) the Liquidity Facility Provider, (ix) the Replacement Liquidity Facility Provider, (x) the Swap Counterparty, (xi) the Seller, (xii) the Participants and (xiii) the Floating Rate GIC Guarantor (the '**Secured Parties**'). The Security Trustee will agree in the Deed of Surety to grant a surety ('*borgtocht*') to the Secured Parties and will undertake to pay, as surety, after the date on which an Enforcement Notice has been received (see Condition 10 below) from time to time as soon as reasonably possible and practicable, to the Secured Parties, other than the Participants an amount corresponding to the sum of any amounts due and payable by the Issuer:

64

- (a) to the Noteholders under the Notes;
- (b) as fees or other remuneration to the Directors under the Management Agreements;
- (c) as fees and expenses to the Company Administrator and the Pool Servicer under the Servicing Agreement;
- (d) as fees and expenses to the Principal Paying Agent, the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (e) to the Liquidity Facility Provider or, as the case may be, the Replacement Liquidity Facility Provider under the Liquidity Facility Agreement;
- (f) to the Swap Counterparty under the Swap Agreement;
- (g) to the Seller under the Mortgage Receivables Purchase Agreement;
- (h) to the Floating Rate GIC Guarantor under the Floating Rate GIC; and
- (i) as fees to the Put Option Provider under the Put Option Agreement.

provided that such amount shall never exceed the Notes Surety Available Amount which consists of the sum of (a) amounts recovered ('*verhaald*') by it on the Mortgage Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II, other than the Savings Mortgage Receivables and Investment Savings Mortgage Receivables, (b) on Savings Mortgage Receivables and Investment Savings Mortgage Receivables to the extent the amount exceeds the Participation in the relevant Savings Mortgage Receivables and Investment Savings Mortgage Receivables; (c) amounts received in connection with the penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to (i) Mortgage Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II, other than Savings Mortgage Receivables and Investment Savings Mortgage Receivables and (ii) with respect to Savings Mortgage Receivables and Investment Savings Mortgage Receivables, the pro rata part of such Savings Mortgage Receivables and Investment Savings Mortgage Receivables in relation to the Participation; (d) the amount of any advance having been made available to the Security Trustee under a recourse liquidity facility agreement to the extent the amount so made available will be recovered under (a) or (b) above and will not exceed the amount of such advance and (e) amounts received in connection with Clause 9 of the Trust Deed. Any amounts will be paid to the Secured Parties in accordance with and subject to the Priority of Payments upon Enforcement (see section *Credit Structure* above).

In addition, in the Deed of Surety the Security Trustee undertakes to pay to the Participants the Participation Surety Available Amount which consists of, inter alia, (i) the amounts actually recovered ('*verhaald*') by it on the Savings Mortgage Receivables and Investment Savings Mortgage Receivables, but only to the extent such amounts do not exceed the Participation in such Savings Mortgage Receivables and Investment Savings Mortgage Receivables, under any of the Pledge Agreements (as described below), (ii) amounts received in connection with the penalty provided in the Mortgage Receivables Purchase Agreement provided that such amounts relate to the Participation in the Savings Mortgage Receivables and Investment Savings Mortgage Receivables, and (iii) the amount of any advance having been made available to the Security Trustee under a recourse liquidity facility agreement to the extent the amount so made available will be recovered under (i) above, provided that such amounts shall never exceed the amount due and payable by the Issuer under or in connection with the Sub-Participation Agreement to the Participants.

The Seller shall grant a first ranking right of pledge ('*pandrecht*') (the '**Trustee Pledge Agreement I**') over the Mortgage Receivables and the Beneficiary Rights (see further paragraph *Insurance Policies* under section

Special Considerations above) to the Security Trustee on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Mortgage Receivables and, if applicable, the relevant Beneficiary Rights on the relevant Quarterly Payment Date. Security in respect of the Mortgage Receivables will be given by the Seller since it will have the legal title to the Mortgage Receivables, until notification has been made. After notification to the Borrowers of the assignment by the Seller to the Issuer of the Mortgage Receivables (which will only be made upon the occurrence of Notification Events, see section *Mortgage Receivables Purchase Agreement* above), legal title to the Mortgage Receivables will pass to the Issuer and the Trustee Pledge Agreement I will provide that the Issuer (who shall be a party to such pledge agreement) will be bound by the provisions thereof in such event.

The Trustee Pledge Agreement I will secure all liabilities of the Seller under the Mortgage Receivables Purchase Agreement, including the obligation to pay a penalty if, for whatever reason, the transfer of legal ownership of Mortgage Receivables to the Issuer is not completed. The penalty will be due to the Issuer or, if a Trustee I Notification Event (as defined in the Trustee I Pledge Agreement) has occurred, to the Security Trustee. The penalty is drafted in such manner that any detrimental effects resulting from the failure to transfer legal ownership of the Mortgage Receivables to the Issuer will, to the extent possible, be eliminated. Any amount due to the Security Trustee will be reduced by any amount paid in respect of the penalty to the Issuer and any amount due to the Issuer in respect of the penalty will be reduced by amount paid to the Security Trustee.

In addition, the Trustee Pledge Agreement I will be created as security for all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee in connection with the Deed of Surety. If the Security Trustee pursuant to its penalty claims on the Seller cannot fully recover all amounts required to meet its obligations under the Deed of Surety, it can create a recourse claim under the Deed of Surety against the Issuer by paying further amounts to the Noteholders. The obligations of the Security Trustee in this respect will, therefore, be conditional upon it having funds available to effectuate such payment. For this purpose, the Security Trustee should borrow an amount equal to the amount which it has as at such date collected and which it will be entitled to recover under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II (see below). After having paid the Noteholders using such borrowed funds, the Security Trustee will be entitled to reimbursement in respect of payments made by it under the Deed of Surety. It will therefore be entitled to apply the amounts held by it under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II to pay its recourse claim and use these amounts to repay drawings made under the recourse liquidity facility agreement together with interest thereon and any related costs. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer will as a separate and independent obligation, by way of parallel debt, undertake to pay the Security Trustee amounts equal to the amounts due by it to the Secured Parties.

The pledge on the Mortgage Receivables provided in the Trustee Pledge Agreement I will not be notified to the Borrowers except in case of certain Trustee I Notification Events. These Trustee I Notification Events will be similar to the Notification Events defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*'stil pandrecht'*) within the meaning of section 3:239 of the Netherlands Civil Code. The pledge on the Beneficiary Rights will be notified to the relevant Participants and will, therefore, be a disclosed right of pledge (*'openbaar pandrecht'*).

In order to secure the obligation of the Seller to transfer legal title to the Mortgage Receivables to the Issuer, the Seller will each grant a second ranking right of pledge (the '**Company Pledge Agreement**') over the Mortgage Receivables and the Beneficiary Rights to the Issuer on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Mortgage Receivables and, if applicable, the relevant Beneficiary Rights on the relevant Quarterly Payment Date. Since a right of pledge can only be vested as security for a monetary claim, this pledge will secure the payment of the penalty by the Seller, provided in the Mortgage Receivables Purchase Agreement, as described above. This right of pledge on the Mortgage Receivables will also be a 'silent' pledge as described above and the right of pledge on the Beneficiary Rights will also be a disclosed right of pledge, all as described above.

The Issuer will also vest a right of pledge (the '**Trustee Pledge Agreement II**') in favour of the Security Trustee on the Closing Date. This right of pledge secures any and all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee resulting from or in connection with the Deed of Surety and will be vested on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Liquidity Facility Agreement, (iv) the Floating Rate GIC, (v) the Sub-Participation Agreement, (vi) the Swap Agreement, (vii) the Put Option Agreement and (viii) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore be a 'disclosed' right of pledge (*'openbaar pandrecht'*).

The Deed of Surety 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, but amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to Senior Class A Noteholders and amounts owing to the Junior Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Subordinated Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Junior Class C Noteholders (see section *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee Delphinus 2001-I (the '**Security Trustee**') is a foundation (*'stichting'*) incorporated under the laws of the Netherlands on 23 May 2001. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee; (b) to act as surety in favour of the Noteholders, as well as in favour of other creditors of the Issuer; (c) to acquire security rights as agent and/or trustee and/or for itself; (d) to hold, administer and to enforce the security rights mentioned under (c); (e) to borrow money and (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are O.B. Linker and D.P. Stolp. Mr. Linker is also director of ATC Management B.V., which is the director of the Issuer.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 703,000,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A1 Notes**'), the euro 200,000,000 5.72 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2066 (the '**Senior Class A2 Notes**') and together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 40,500,000 6.13 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2066 (the '**Mezzanine Class B Notes**'), the euro 12,000,000 6.75 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2066 (the '**Junior Class C Notes**') and the euro 5,000,000 Subordinated Class D Notes 2001 due 2066 (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**') was authorised by a resolution of the managing director of Delphinus 2001-I B.V. (the '**Issuer**') passed on 18 June 2001. The Notes are issued under a Trust Deed dated 25 June 2001 (the '**Trust Deed**') between the Issuer and Stichting Security Trustee Delphinus 2001-I (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**'), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a Paying Agency Agreement (the '**Paying Agency Agreement**') dated 25 June 2001 between the Issuer, the Security Trustee, Fortis Bank N.V./S.A. as principal paying agent (the '**Principal Paying Agent**') and Fortis Bank (Nederland) N.V. as paying agent (the '**Paying Agent**', together with the Principal Paying Agent, the '**Paying Agents**') and Fortis Bank N.V./S.A. as reference agent (the '**Reference Agent**'), (iii) a Servicing Agreement (the '**Servicing Agreement**') dated 25 June 2001 between – inter alia – the Issuer, ATC Financial Services B.V. as the '**Company Administrator**', ASR Bank as '**Pool Servicer**' and the Security Trustee, (iv) a deed of surety (the '**Deed of Surety**') dated 25 June 2001 between the Security Trustee and – inter-alia – the Managers as initial holders of the Notes (the '**Noteholders**'), (v) a pledge agreement dated 25 June 2001 between the Seller, the Security Trustee and the Issuer, (vi) a pledge agreement dated 25 June 2001 between the Seller and the Issuer and (vii) a pledge agreement dated 25 June 2001 between the Issuer, the Security Trustee and others (jointly with the two other pledge agreements referred to under (v) and (vi) above, the '**Pledge Agreements**').

Certain words and expressions used below are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 21 June 2001 and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Surety, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Surety and the Pledge Agreements.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 500,000 each. Under Netherlands law, the valid transfer of Notes requires, inter alia, delivery ('*levering*') thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class, are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9, the Trust Deed and the Deed of Surety (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Deed of Surety and the Pledge Agreements, which will create the following security rights:
- (i) a deed of surety ('*borgtocht*') on a limited recourse basis by the Security Trustee, *inter alia*, to the Noteholders;
 - (ii) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights;
 - (iii) a second ranking pledge by the Seller to the Issuer over the Mortgage Receivables and the Beneficiary Rights;
 - (iv) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Company Administrator under or in connection with the Servicing Agreement; (c) against the Pool Servicer under or in connection with the Servicing Agreement; (d) against the Swap Counterparty under or in connection with the Swap Agreement; (e) against the Floating Rate GIC Provider or, as the case may be, the Replacement Floating Rate GIC Provider and the Floating Rate GIC Guarantor under or in connection with the Floating Rate GIC; (f) against the Liquidity Facility Provider or, as the case may be, the Replacement Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (g) against the Participants under the Sub-Participation Agreement; (h) against the Put Option Provider under or in connection with the Put Option Agreement, and (i) against the Floating Rate GIC Provider, or, as the case may be, the Floating Rate GIC Guarantor, in respect of the Transaction Accounts.
- (d) The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Subordinated Class D Notes and the Junior Class C Notes will rank in priority to the Subordinated Class D Notes. 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 (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Junior Class C Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments set forth in the Trust Deed determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

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

- (a) carry out any business other than as described in the Offering Circular dated 25 June 2001 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Deed of Surety, the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than the Master Collection Account and the Reserve Account, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(iv).

4. Interest

(a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any 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 seventh day after notice is duly given by the Principal Paying Agent or the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated (a) on the basis of the actual number of days in the Fixed Interest Period (as defined below) concerned divided by 365 days, or in the case of a Fixed Interest Payment Date falling in a leap year, 366 days and (b) on the basis of actual days elapsed in the Floating Interest Period divided by 360 days.

(b) *Floating Interest Periods and Payment Dates*

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes shall be payable by reference to successive interest periods (each a '**Floating Interest Period**') and will be payable in arrears in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Senior Class A1 Notes or the Subordinated Class D Notes, respectively, on the 25th day of June, September, December

and March (or, if such day is not a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto is operating credit or transfer instructions in respect of payments in euro (a '**Business Day**'), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date except for the first Floating Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) 25 September 2001.

Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes shall be payable by reference to successive interest periods (each a '**Fixed Interest Period**') and will be payable in arrears in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes on the 25th day of June (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Interest Period will commence on (and include) an Annual Payment Date and end on (but exclude) the next succeeding Annual Payment Date, except for the first Fixed Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) 25 June 2002.

(c) *Interest on the Senior Class A1 Notes and the Subordinated Class D Notes*

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor two and three months deposits in euro), plus in respect of the Senior Class A1 Notes up to the first Optional Redemption Date (as defined below) a margin of 0.27 per cent. per annum and in respect of the Subordinated Class D Notes a margin of 4.00 per cent. per annum (the '**Floating Rate of Interest**').

(d) *Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes*

Up to the first Optional Redemption Date (as defined in Condition 6) of the rate of interest applicable to (i) the Senior Class A2 Notes shall be 5.72 per cent. per annum, (ii) the Mezzanine Class B Notes shall be 6.13 per cent. per annum, and (iii) the Junior Class C Notes shall be 6.75 per cent. per annum, payable, in respect of each Fixed Interest Period, in arrears on each Annual Payment Date.

(e) *Interest following Redemption Date*

If following the first Optional Redemption Date (as defined in Condition 6) of the Notes of any Class have not been redeemed in full, the interest applicable to the relevant Class of Notes will be equal to the sum of Euribor for three months deposits, payable by reference to Floating Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 1 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.75 per cent. per annum;
- (iii) for the Junior Class C Notes, a margin of 3 per cent. per annum.

(f) *Euribor*

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

- (i) The Reference Agent will obtain for each Floating Interest Period the rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI – The Financial Market Association and which appears for information purposes on the Telerate Page 248 (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 selected by the Reference Agent) as at or about 11:00 a.m. (Central European time) on the day that is two Business

- Days preceding the first day of each Floating Interest Period (each an **'Interest Determination Date'**).
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI – The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
- (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the **'Reference Banks'**) to provide a quotation for the rate at which three months Euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
- (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for one month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and the Euribor for such Floating Interest Period shall be the rate per annum equal to the Euro interbank offered rate for Euro deposits as determined in accordance with this paragraph (f), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Interest Period will be Euribor last determined in relation thereto.

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

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

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

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agents, the Company Administrator, Euronext Amsterdam N.V. and to the holders of such Class of Notes by an advertisement in the English language in the Official Price List of Euronext Amsterdam N.V. (*'Officiële Prijscourant'*). The Floating Interest Amount 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 Floating Interest Period.

(i) *Determination or Calculation by Security Trustee*

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

(j) *Reference Banks and Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four

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

5. Payment

- (a) Payment of principal and interest in respect of Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agents in cash or by transfer to an Euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6), 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 years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Paying 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. The names of the Paying Agents and of their offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on the Euronext Amsterdam shall be located in the Netherlands. Notice of any termination or appointment of a Principal Paying Agent or a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption and purchase

(a) Final redemption

Unless previously redeemed as provided below, the Issuer will, in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes subject to Condition 9(b), redeem the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes at their Principal Amount Outstanding on 25 June 2066 (the '**Final Maturity Date**').

(b) Mandatory redemption

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) on a pro rata basis (i) with respect to the Senior Class A1 Notes on 25 September 2004 and on each Quarterly Payment Date thereafter and (ii) with respect to the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes on each Optional Redemption Date (as defined in

Condition 6(d)) in the following order, (a) firstly, pro rata and pari passu, the Senior Class A1 Notes and the Senior Class A2 Notes, until fully redeemed, and, thereafter, (b) the Mezzanine Class B Notes until fully redeemed and, thereafter, (c) the Junior Class C Notes until fully redeemed.

The principal amount so redeemable in respect of each Note (each a **'Principal Redemption Amount'**) on the relevant Optional Redemption Date or in respect of the Senior Class A1 Notes, the relevant Quarterly Payment Date shall be the Notes Redemption Available Amount on the Calculation Date relating to that Quarterly Payment Date or, as the case may be, the Optional Redemption Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

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

The **'Principal Amount Outstanding'** on any Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Calculation Date.

'Notes Redemption Available Amount' shall mean, on any Calculation Date, the aggregate amount received by the Issuer during the immediately preceding Calculation Period:

- (a) by means of repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and the Investment Savings Mortgage Receivables, less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (b) as Net Proceeds (as defined in this Condition 6(b)) on any Mortgage Receivable, to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (c) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be;
- (d) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Investment Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable or Investment Savings Mortgage Receivable, as the case may be, if and to the extent such Participation is terminated;
- (e) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing Agreement;
- (f) as Participation Increase pursuant to the Sub-Participation Agreement;
- (g) as partial prepayment in respect of Mortgage Receivables;
- (h) any part of the Notes Redemption Available Amount calculated on the immediately preceding Calculation Date which has not been applied towards redemption of the Notes on the preceding

Quarterly Payment Date;

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

'Calculation Date' means, in relation to a Quarterly Payment Date or, as the case may be, Annual Payment Date, the seventh business day prior to such Quarterly Payment Date or Annual Payment Date;

'Calculation Period' means, in relation to a Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Calculation Date;

'Mortgage Calculation Period' means the period commencing on (and including) the sixth day of each calendar month and ending on (and including) the fifth day of the following calendar month.

(c) *Determination of Principal Redemption Amount and Principal Amount Outstanding*

- (i) On each Calculation Date, the Issuer shall determine (or cause the Company Administrator to determine) (a) the Principal Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date or, as the case may be, the Annual Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agents, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Official Price List of Euronext Amsterdam N.V. (*'Officiële Prijscourant'*). If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date or, as the case may be, the Annual Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Company Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (c) and paragraph (b) above (but based upon the information in its possession as to the Notes Redemption Available Amount and each such determination or calculation shall be deemed to have been made by the Issuer.

(d) *Optional redemption*

Unless previously redeemed in full, the Issuer may, at its option, on giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on 25 June 2011 and on any Quarterly Payment Date thereafter (each an **'Optional Redemption Date'**) redeem all (but not some only) Notes, other than the Subordinated Class D Notes, at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Junior Class C Principal Shortfall or, as the case may be, a Mezzanine Class B Principal Shortfall in respect of the Junior Class C Notes or the Mezzanine Class B Notes, respectively, the Issuer may, at its option, subject to Condition 9 (b), partially redeem all (but not some only) Junior Class C Notes or, as the case may be, Mezzanine Class B Notes at their Principal Amount Outstanding less the Junior Class C Principal Shortfall or, as the case may be, Mezzanine Class B Principal Shortfall. Following such redemption the Principal Amount Outstanding of such Junior Class C Notes or, as the case may be, Mezzanine Class B Notes shall be reduced accordingly and be equal to the Junior Class C Principal Shortfall or, as the case may be, the Mezzanine Class B Principal Shortfall. The **'Junior Class C Principal Shortfall'** shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger divided by the number of Junior Class C Notes then outstanding on such Optional Redemption Date. The

'Mezzanine Class B Principal Shortfall' shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger divided by the number of Mezzanine Class B Notes then outstanding on such Optional Redemption Date.

(e) *Redemption of Subordinated Class D Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Interest Available Amount, if and to the extent that all payments ranking above item (p) in the Interest Priority of Payments have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class D Notes on each Quarterly Payment Date until fully redeemed.

(f) *General*

In the event of certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer may (but is not obliged to) redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

7. Taxation

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

8. Prescription

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

9. Subordination

(a) *Interest*

Interest on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes shall be payable in accordance with the provisions of Conditions 4 and 6, subject to the terms of this Condition.

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

In the event that on any Calculation Date the Issuer has insufficient funds available to it to satisfy its

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

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

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Annual Payment Date or, as the case may be, Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B Principal Shortfall on such Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Annual Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Class C Principal Deficiency Ledger on such Payment Date, divided by the number of Junior Class C Notes then outstanding. The Junior Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class C Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which there are no balances standing to the credit of the Transaction Accounts.

The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which there are no balances standing to the credit of the Transaction Accounts.

(c) *General*

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

10. Events of Default

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

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

Provided that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the 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 an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Senior Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Mezzanine Class B Noteholders or the Junior Class C Noteholders or the

Subordinated Class D Noteholders.

11. Enforcement

- (a) At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Deed of Surety, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, 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, 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) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note is paid in full. The Noteholders accept and agree that, apart from any recourse claims in connection with the Deed of Surety, the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

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

13. Notices

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

14. Meetings of Noteholders; Modification; Consents; Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a '**Basic Terms Change**') shall be effective except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, such Basic Terms Change may be sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for

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

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

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders or the Junior Class C Noteholders, as the case may be. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.

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

- (b) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified Moody's and Fitch and (ii) Moody's and Fitch have confirmed that the then current rating of the Notes will not be adversely affected by any such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.
- (c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and 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.

15. Replacements of Notes and Coupons

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

16. Governing Law

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

17. Additional obligations

For as long as the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., the Issuer will comply with the provisions set forth in Article 2.1.20 Section a-g of Schedule B of the Rules and Regulations (*'Fondsenreglement'*) of Euronext Amsterdam N.V. or any amended form of the said provisions as in force at the date of the issue of the Notes.

THE GLOBAL NOTES

Each Class of the Notes shall be initially represented by (i) in the case of the Senior Class A1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 703,000,000, (ii) in the case of the Senior Class A2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 200,000,000, (iii) in the case of the Mezzanine Class B Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 40,500,000, (iv) in the case of the Junior Class C Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 12,000,000 and (v) in the case of the Subordinated Class D Notes a Temporary Global Note in bearer form without coupons, in the principal amount of euro 5,000,000. Each Temporary Global Note will be deposited with Fortis Bank N.V./S.A., as common depository for Euroclear Bank S.A./N.V., as operator of Euroclear and Clearstream, Luxembourg on or about 25 June 2001. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the **'Exchange Date'**) for interests in a permanent global note (each a **'Permanent Global Note'**), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression **'Global Notes'** meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression **'Global Note'** means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the common depository.

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

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

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

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the

Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after 25 June 2001, the Issuer or the Principal Paying Agent or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Senior Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A1 Notes;
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes;
- (iii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes;
- (iv) Junior Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class C Notes; and
- (v) Subordinated Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class D Notes;

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

TAXATION IN THE NETHERLANDS

The information given below is neither intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Notes or Coupons.

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

- A) All payments by the Issuer in respect of the Notes or Coupons can be made without withholding or deduction for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Netherlands tax authorities or any political subdivision thereof or therein. If, in the future, the withholding or deduction of such taxes, duties or charges should be required by law, the Issuer will withhold or deduct such taxes, duties or charges for the account of the Noteholders or Couponholders and shall not pay any additional amounts to the Noteholders or Couponholders in respect of the aforementioned withholdings or deductions.
- B) A holder of a Note or Coupon, who derives income from such Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon, will not be subject to Netherlands taxation on income or capital gains, unless:
- (i) the holder is, or is deemed to be, resident in the Netherlands; or
 - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
 - (iii) the holder has a substantial interest, whether deemed or actual, in the Issuer and the substantial interest does not form part of the business assets of the holder; or
 - (iv) the holder is a natural person who is associated (as defined in articles 3.91(2)(b) and 3.92(2)(b) of the Income Tax Act of 2001) with another natural person who has a substantial interest in the Issuer; or
 - (v) the holder is a natural person and such income or gain is attributable to activities in the Netherlands, other than business or employment activities (*'belastbaar resultaat uit overige werkzaamheden in Nederland'*).

In general, under most treaties for the avoidance of double taxation with respect to taxes on income to which the Netherlands is a party, the Netherlands do not have the right to levy taxes on such income or gain in the situations mentioned under d) and e) above, unless the holder has a fixed base in the Netherlands, to which such income or gain is attributable.

- C) Under the Income Tax Act of 2001, income is divided into three separate 'boxes', the third of which ('box 3') is concerned with capital income, i.e., income from savings and investment. Taxable income is determined on the basis of a presumptive, or deemed, return on capital, rather than on the basis of actual income (such as interest actually received). This deemed return has been fixed at 4% of average net capital, that is, assets less qualifying liabilities, measured over the year from 1 January to 31 December. The 4% are applied after deduction of an exempt amount (EUR 17,600). The deemed income is then taxed at a flat rate of 30%.

A Holder of a Note or Coupon will not be subject to taxation under the rules of 'box 3', unless the holder is a natural person who is, or is deemed to be, resident in the Netherlands.

- D) There will be no Netherlands gift, estate or inheritance taxes levied on the transfer of a Note or Coupon by way of gift by a holder, or on the death of a holder, unless:
- (i) the holder is, or is deemed to be, resident in the Netherlands;
 - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who at the time of the gift or death, is, or is deemed to be, resident in the Netherlands; or
 - (iii) such a Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands.

- E) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution, delivery and enforcement by legal proceedings of the Notes or Coupons or the performance of the Issuer's obligations under the Relevant Documents.
- F) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Notes, neither in respect of payments of interest and principal or in respect of the transfer of a Note or Coupon.
- G) A holder of a Note or Coupon will not become and will not be deemed to be, resident in the Netherlands by the sole virtue of holding such Note or Coupon or the execution, performance, delivery and/or enforcement of the Relevant Documents.

PURCHASE AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Fortis Bank N.V./S.A., ABN AMRO Bank N.V., ARTESIA Banking Corporation N.V.-S.A., BNP Paribas, CIBC World Markets plc and NIB Capital Bank N.V. (together, the **'Class A1 Managers'**) have, pursuant to a note purchase agreement dated 21 June 2001, among the Class A1 Managers, the Issuer and the Seller (the **'Note Purchase Agreement I'**), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Senior Class A1 Notes at their issue price. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Fortis Bank N.V./S.A. (the **'Class A2, B and C Managers'**) have, pursuant to a note purchase agreement dated 21 June 2001, among the Class A2, B and C Managers, the Issuer and the Seller (the **'Note Purchase Agreement II'**), agreed with the Issuer, subject to certain conditions, to purchase the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes at their respective issue prices. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the **'Class D Manager'**) has, pursuant to a note purchase agreement dated 21 June 2001, among the Class D Manager, the Issuer and the Seller (the **'Note Purchase Agreement III'**) and together with the Note Purchase Agreement I and the Note Purchase Agreement II, the **'Note Purchase Agreements'**), agreed with the Issuer, subject to certain conditions, to purchase the Subordinated Class D Notes at their issue price. The Class A1 Managers, the Class A2, B and C Managers and the Class D Manager are together referred to as the **'Managers'**. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the relevant Class of Notes.

United Kingdom

Each of the Managers has agreed that (i) it has not offered or sold and, prior to the expiration of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that it has not distributed or caused to be distributed and has undertaken that it will not distribute or cause to be distributed this Offering Circular or any amendment or supplement to it or any other offering material relating to the Notes to the public in the Republic of France. The Issuer has undertaken not to offer, directly or indirectly, any Notes to the public in the Republic of France.

Germany

Each of the Managers has acknowledged that the Notes are subject to the restrictions provided in the Securities Selling Prospectus Act of the Federal Republic of Germany (*'Wertpapier-Verkaufsprospektgesetz'*) of December 13, 1990, as amended (the **'Securities Selling Prospectus Act'**) with respect to Euro-Securities (*'Euro-Wertpapiere'*); in particular, the Notes may not be offered in Germany by way of public promotions. Each of the Managers represents and confirms that it is aware of the fact that no German selling prospectus (*'Wertpapier-Verkaufsprospekt'*) has been or will be published in respect of the Notes and that it will comply

with the Securities Selling Prospectus Act. In particular, each Manager undertakes not to engage in public offerings in the Federal Republic of Germany with respect to the Notes otherwise than in accordance with the Securities Selling Prospectus Act and any other act replacing or supplementing such Act, and all other applicable laws and regulations.

General

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted; persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 18 June 2001.
2. The Senior Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 013147019 and ISIN XS 0131470196 and Fondscodex 13086.
3. The Senior Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 013147051 and ISIN XS 0131470519 and Fondscodex 13087.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 013147094 and ISIN XS 0131470949 and Fondscodex 13088.
5. The Junior Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 013147132, ISIN XS 0131471327 and Fondscodex 13090.
6. The Subordinated Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 013147205, ISIN XS 0131472051 and Fondscodex 13092.
7. There has been no material adverse change in the financial position or prospects of the Issuer since 19 June 2001.
8. Ernst & Young Accountants have given and have not withdrawn its written consent to the issue of this offering circular with their report included herein in the form and context in which it appears.
9. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
10. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Note Purchase Agreements;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Deed of Surety;
 - (vii) the Trustee Pledge Agreement I;
 - (viii) the Trustee Pledge Agreement II;
 - (ix) the Company Pledge Agreement;

- (x) the Servicing Agreement;
- (xi) the Sub-Participation Agreement;
- (xii) the Floating Rate GIC;
- (xiii) the Swap Agreement;
- (xiv) the Liquidity Facility Agreement;
- (xv) the Beneficiary Waiver Agreement;
- (xvi) the Master Definitions Agreement;
- (xvii) the Put Option Agreement.

11. The audited financial statements of the Issuer and Fortis prepared annually and a quarterly report prepared by the Company Administrator on the performance of the transaction (including the Mortgage Receivables) will be made available, free of charge, at the specified offices of the Paying Agent.
12. The articles of association 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.

ANNEX

Expected Amortisation of Notes outstanding principal assuming call option is exercised at 8% CPR.

Payment Date	A1 Note Outstanding	A2 Note Outstanding	B Note Outstanding	C Note Outstanding	A1 Note Redemption	A2 Note Redemption	B Note Redemption	C Note Redemption
25-jun-01	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-sep-01	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
27-dec-01	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-mrt-02	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-jun-02	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-sep-02	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
27-dec-02	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-mrt-03	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-jun-03	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-sep-03	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
29-dec-03	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-mrt-04	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
25-jun-04	703.000.000	200.000.000	40.500.000	12.000.000	0	0	0	0
27-sep-04	683.657.072	200.000.000	40.500.000	12.000.000	19.342.928	0	0	0
29-dec-04	664.699.543	200.000.000	40.500.000	12.000.000	18.957.530	0	0	0
29-mrt-05	646.116.063	200.000.000	40.500.000	12.000.000	18.583.480	0	0	0
27-jun-05	627.906.570	200.000.000	40.500.000	12.000.000	18.209.493	0	0	0
26-sep-05	609.975.997	200.000.000	40.500.000	12.000.000	17.930.574	0	0	0
28-dec-05	592.486.689	200.000.000	40.500.000	12.000.000	17.489.308	0	0	0
27-mrt-06	575.345.930	200.000.000	40.500.000	12.000.000	17.140.759	0	0	0
26-jun-06	558.431.695	200.000.000	40.500.000	12.000.000	16.914.235	0	0	0
25-sep-06	541.791.606	200.000.000	40.500.000	12.000.000	16.640.089	0	0	0
27-dec-06	525.559.445	200.000.000	40.500.000	12.000.000	16.232.161	0	0	0
26-mrt-07	509.752.637	200.000.000	40.500.000	12.000.000	15.806.807	0	0	0
25-jun-07	494.260.930	200.000.000	40.500.000	12.000.000	15.491.708	0	0	0
25-sep-07	479.078.058	200.000.000	40.500.000	12.000.000	15.182.872	0	0	0
27-dec-07	464.165.696	200.000.000	40.500.000	12.000.000	14.912.362	0	0	0
25-mrt-08	449.582.836	200.000.000	40.500.000	12.000.000	14.582.859	0	0	0
25-jun-08	435.141.375	200.000.000	40.500.000	12.000.000	14.441.461	0	0	0
25-sep-08	421.069.773	200.000.000	40.500.000	12.000.000	14.071.603	0	0	0
29-dec-08	407.321.362	200.000.000	40.500.000	12.000.000	13.748.410	0	0	0
25-mrt-09	393.872.002	200.000.000	40.500.000	12.000.000	13.449.360	0	0	0
25-jun-09	380.678.368	200.000.000	40.500.000	12.000.000	13.193.634	0	0	0
25-sep-09	367.705.846	200.000.000	40.500.000	12.000.000	12.972.522	0	0	0
29-dec-09	354.931.636	200.000.000	40.500.000	12.000.000	12.774.211	0	0	0
25-mrt-10	342.528.731	200.000.000	40.500.000	12.000.000	12.402.904	0	0	0
25-jun-10	330.360.662	200.000.000	40.500.000	12.000.000	12.168.070	0	0	0
27-sep-10	318.448.043	200.000.000	40.500.000	12.000.000	11.912.618	0	0	0
29-dec-10	306.577.626	200.000.000	40.500.000	12.000.000	11.870.418	0	0	0
25-mrt-11	294.974.946	200.000.000	40.500.000	12.000.000	11.602.680	0	0	0
27-jun-11	0	0	0	0	294.974.946	200.000.000	40.500.000	12.000.000

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REGISTERED OFFICES

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The Netherlands

POOL SERVICER

ASR Bank N.V.
Weena 70
3012 CM Rotterdam
The Netherlands

COMPANY ADMINISTRATOR

ATC Financial Services B.V.
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The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee Delphinus 2001-I
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To the Managers:

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