



Terms & Conditions

NIBC Direct Mortgage

Everything you need to know about the NIBC Direct Mortgage

Welcome to NIBC Direct

You have applied for a mortgage loan from NIBC Direct Hypotheken B.V. (NIBC Direct). You bought a new home, have renovation plans or wish to change or refinance your mortgage loan. We can imagine you would like to have financial matters sorted out as quickly as possible. A mortgage loan brings about obligations. It is therefore important for you to thoroughly consider the arrangements we are making together.

These Terms & Conditions apply to the NIBC Direct Mortgage. Our Terms & Conditions set out the arrangements we are making with you regarding your mortgage loan in plain, clear language. As they should! Here you can read all you need to know before signing the mortgage offer. You will also find information about matters that are important during the term of the mortgage loan, for example what we expect of you if your personal situation changes or how you can repay the loan early should you wish to do so. Read the Terms & Conditions carefully. If you have any questions, please contact us or your financial adviser.

A major event calls for good advice!

While we do try to make everything as easy and clear as possible for you, we cannot give advice. A financial adviser can advise you on your loan and all related matters (tax issues, for example). This adviser works on your instructions and at your expense, and has no affiliation with NIBC Direct. He is therefore responsible for the advice he gives you. The cost of the advice is charged directly to you.

Table of contents

Definitions.....	6
1. Interest rate offer and mortgage offer.....	8
1.1 Have you decided to accept the interest rate offer?.....	8
1.2 Have you decided to accept the mortgage offer?.....	8
1.3 Trust and liability.....	9
2. The loan.....	9
2.1 What can the amount borrowed be used for?.....	9
2.2 When will the loan come into effect?.....	9
2.3 Can your loan be increased?.....	9
2.4 What is the interest rate on the loan?.....	10
2.5 How do we calculate the interest that you will be paying?.....	10
2.6 How long will my interest rate be locked in?.....	10
2.7 When are administrative fees due?.....	10
2.8 Are you moving to a new home?.....	10
3. Fixed-rate period and rate classes.....	11
3.1 What happens to the interest rate at the end of the fixed-rate period?.....	11
3.2 How do you choose a new fixed-rate period at the end of the fixed-rate period?.....	11
3.3 What if you wish to change the fixed-rate period at a different time?.....	11
3.4 What if the loan falls into a different rate class as a result of repayment or increase?.....	12
3.5 What if the value of the home increases?.....	13
3.6 Can the rate class also change in the case of an NHG-backed loan?.....	13
4. Repaying the loan.....	13
4.1 How to repay the loan.....	13
4.1.1 Annuity-based mortgage.....	14
4.1.2 Straight-line mortgage.....	14
4.1.3 Interest-only mortgage.....	14
4.2 Are you allowed to pay back all or part of the loan prematurely?.....	14
4.3 In which situations may you repay the loan without incurring a penalty?.....	15
4.4 Are you allowed to change the type of mortgage?.....	16
4.5 Do you have a bridging loan?.....	16
5. Penalty for repayment or change.....	16
5.1 How do we calculate the penalty?.....	17
5.2 What amount of the repayment is subject to a penalty?.....	17

5.3	What is the comparison interest rate?	17
5.4	What period is used to calculate the penalty?	18
5.5	What is the interest shortfall?	18
5.6	What is the penalty you must pay to compensate us for our financial disadvantage?	19
6.	You provide security to us	19
6.1	What security do we request?	19
6.2	What if someone else gives us security for your loan?	21
6.3	Who is allowed to sell the security?	21
6.4	When may we request additional security?	21
6.5	When are you no longer required to provide security?	21
7.	Use of the home	21
7.1	How may or should you use your home?	21
7.2	What are you not allowed to do with the home without our written permission?	22
7.3	What if you do something to the home that is in breach of the Terms & Conditions?	22
7.4	What types of insurance do you need?	22
7.5	What if something happens to your home, possessions or insurance?	23
7.6	What arrangements must you make with the insurance company and us about the insurance? 23	
7.7	Are you allowed to let the home?	24
7.8	We may redetermine the value of your home	24
8.	What are you required to pay, and how?	24
8.1	You must pay us interest, principal repayments and other costs	24
8.2	What costs are you required to pay?	25
8.3	What do we do if we receive an amount to be forwarded to you?	26
9.	Who is responsible for repaying the loan?	26
9.1	Are several persons taking out the loan?	26
9.2	Is there a surety?	27
9.3	Is someone else arranging matters with us on your behalf?	27
9.4	Death	28
10.	The home construction / improvement account and the sustainability account	28
10.1	How do they work?	28
10.2	How long will the home construction / improvement account be active for?	28
10.3	What if the account is terminated?	28
10.4	How do you pay invoices using money in the account?	29
11.	What information must you supply to us?	30
11.1	Personal details	30

11.2	What if your details or circumstances change?.....	30
11.3	What may we ask of you?	31
11.4	Your address	31
11.5	Language.....	31
11.6	We may record conversations with you.....	31
11.7	Protection of your personal details	31
12.	What information do we give you?	32
12.1	You will receive the following information from us.....	32
12.2	Check the information you receive from us	32
12.3	Your details and our records	32
12.4	Who is responsible for record keeping in respect of the loan?	33
13.	What if you do not comply with the arrangements made?	33
13.1	What are we allowed to do if you do not pay us on time?	33
13.2	What if we are compelled to sell your home?.....	34
13.3	What if we petition the court to allow us to take over the management of the home?.....	35
13.4	When may we decide that you must immediately repay the loan?	35
13.4.1	Grounds for enforcement	35
13.4.2	Additional grounds for enforcement.....	37
13.5	When will we charge a penalty?.....	37
14.	Are you or we allowed to assign the loan to another party?	37
15.	When are these Terms & Conditions not applicable?.....	38
15.1	What if the law or the court prohibits a particular condition?.....	38
15.2	What happens in the event of conflicting information?	38
15.3	Are we allowed to amend these Terms & Conditions?.....	38
16.	What if you are not happy with our services?.....	39

Terms & Conditions

Definitions

Administrative costs	The costs we can charge for processing any changes to your loan.
Repayment	You must pay back your loan to NIBC Direct during or at the end of the term of the loan. This is referred to as repayment.
Repayment from own resources	Repayment of the loan from your own resources, for example, your savings, a gift or an inheritance.
Interest-only mortgage	A type of mortgage where you only pay monthly interest on the loan. During the term of the loan, you do not make any repayments. At the end of the term of the loan, you are required to pay back the loan in one lump sum.
Annuity-based mortgage	A type of mortgage where you pay the same amount each month. The amount of the loan repayment is initially lower and the interest payment higher. Over time, the amount of loan repayment will increase and the amount you pay in interest will decrease. At the end of the term of the loan, your loan is repaid in full.
Home construction account / home improvement account	A home construction account / home improvement account is an account into which we deposit all or part of the amount of your loan. You can use the money in this account to pay for the construction or renovation of your Home construction account / home improvement account and/or sustainability account.
Sustainability account	A sustainability account is an account into which we deposit all or part of the amount of your loan. You can use the money in this account to pay for sustainability measures for your home.
Mortgage offer	The mortgage offer is the written mortgage offer that has been or will be provided by or on behalf of NIBC Direct, in which NIBC Direct makes a binding offer to extend a mortgage loan under the terms and conditions contained in the mortgage offer and the Terms & Conditions.
Mortgage loan	A loan is a mortgage loan if your home serves as collateral. Mortgage collateral must be provided, with NIBC Direct as the beneficiary. This arrangement is laid down by a civil-law notary in a mortgage deed. From that moment, we can exercise 'the right of mortgage' if you do not meet your obligations.

Mortgage deed	The mortgage deed is an agreement that we enter into with you. It sets out the mutual arrangements we make regarding, for example, your loan, the right of mortgage and the collateral. You sign the mortgage deed at the civil-law notary's office.
Straight-line mortgage	A type of mortgage where you pay interest and a fixed loan repayment each month. As the loan amount decreases, your interest payments decrease. Your monthly payments continually decrease. At the end of the term of the loan, your loan is repaid in full.
Term	The term of the loan indicates how long your loan will run. The term can vary from one loan part to another. You will need to have repaid the loan part in full by the end of the term.
Market value	The market value is the value of your home on the open market, and is stated in the valuation report. If a newly built home has no valuation report, we will calculate the market value based on the purchase price/contract price, the loss of interest during construction, and upward contract variations. The market value of your home is also stated in the mortgage offer.
National Mortgage Guarantee (<i>Nationale Hypotheek Garantie</i>, NHG)	The NHG gives both you and us additional security. The Homeownership Guarantee Fund (<i>Stichting Waarborgfonds Eigen Woningen</i>) stands surety for the loan under certain conditions. You pay a one-off amount to the Fund. In exchange, you (often) pay a lower amount in interest. See www.nhg.nl for more information.
NIBC Direct	NIBC Direct Hypotheken B.V.
Interest rate offer	The interest rate offer is a written offer, for informative purposes, provided by or on behalf of NIBC Direct regarding the interest rate that will apply to the requested mortgage loan for the period specified in the interest rate offer, provided the mortgage loan can be extended.
Fixed-rate period	The fixed-rate period is a period during which the interest rate stays the same. The fixed-rate period can vary from one loan part to another.
Rate class	The rate class is used to determine your loan's interest rate. It depends on, for example, the amount of your loan relative to the value of the collateral.
Valuation report	A valuation report is a report that specifies the value and state of repair of the home for which you are taking out a loan. Only a certified valuer may draw up the valuation report. We must approve the valuer.

Penalty-free margin	Each calendar year, you may pay back up to 15% of the original principal of each loan part without incurring a penalty.
We/us	NIBC Direct and/or its legal successors.
Security	We ask you to provide security for the loan, such as a right of mortgage and a right of pledge. This is specified in the mortgage deed.

1. Interest rate offer and mortgage offer

You have applied for a loan to finance or renovate your home. We will send you an interest rate offer to that end. The interest rate offer specifies the interest rate applicable to your loan and how long the offer and interest rate will be valid. This interest rate offer does not create any further obligations.

1.1 Have you decided to accept the interest rate offer?

- i. The interest rate offer states the date by which we must have received one or more documents. If we receive those documents on time, we can guarantee the interest rate stated in the interest rate offer and the terms and conditions applicable until the end date of the interest rate offer's validity period. If we do not receive the documents within the period stated, the interest rate offer will no longer be valid. You may then request a new interest rate offer. Once we have received all the documents required, we will proceed to assess your mortgage application.
- ii. If we decide to accept the mortgage application after having assessed the information and supporting documents we have received, we will send you a mortgage offer.
- iii. If we decide not to accept the mortgage application after having assessed the information and supporting documents we have received, we will inform you accordingly. We may in any case reject the mortgage application if you have provided incorrect information or have withheld certain relevant information.

1.2 Have you decided to accept the mortgage offer?

- i. By signing the mortgage offer, you agree to its provisions and the interest rate specified in it. We then have an agreement.
- ii. The mortgage offer states how long it will remain valid and the latest date by which it must be signed and returned to us. If you wait too long to do so, the interest rate offer and the mortgage offer will no longer be valid. You will only be able to request a new interest rate offer once the mortgage offer is no longer valid. You will receive a new interest rate offer and mortgage offer in that case.
- iii. The entire application and acceptance procedure for your mortgage loan (including signing the mortgage offer and executing it before a civil-law notary) must be completed within the mortgage offer's period of validity.
- iv. If you provide incorrect information or withhold certain relevant information, we may withdraw or change a mortgage offer at any time, even if you have already accepted it.
- v. The Terms & Conditions apply from the moment that you receive an interest rate offer. The Terms & Conditions are part of the interest rate offer, the mortgage offer and the

mortgage deed. By signing the final mortgage offer, you also declare that you have received, read, and agree to the Terms & Conditions.

1.3 Trust and liability

- i. We trust that the necessary information and supporting documents you provide are accurate and complete.
- ii. We accept no liability for any loss you suffer as a result of your mortgage loan application being rejected or the lapse of an interest rate offer or mortgage offer.

2. The loan

2.1 What can the amount borrowed be used for?

You can only use the amount borrowed to buy, build or renovate a home or to repay an existing mortgage loan. In certain situations, you can also use the loan for costs associated with the purchase, construction or renovation of the home, for example the costs of obtaining a building permit. You can only use the amount borrowed for other (consumer) expenditures if you have requested permission to do so and this is stated in the mortgage offer.

2.2 When will the loan come into effect?

- i. We will transfer the amount borrowed to the bank account of the civil-law notary firm where you sign the mortgage offer. If you have also applied for a home construction or improvement account, part of the loan will be deposited there - see Chapter 10 for more details.
- ii. We will transfer the amount borrowed a few days before you sign the mortgage deed. That mortgage deed states that we have a first right of mortgage on the collateral.
- iii. You will start making interest and principal payments from the moment we transfer the amount borrowed.
- iv. Your loan may consist of one or several loan parts, each with different arrangements regarding the amount, repayment, term, fixed-rate period and interest rate. This is specified in the interest rate offer and the mortgage offer.
- v. The term of a loan part can be no more than 30 years. The term starts on the first day of the month following the month in which we transferred the amount borrowed to the civil-law notary's account.

2.3 Can your loan be increased?

- i. You can apply to increase your loan. This will require a new loan application. Please contact your financial adviser to find out more.
- ii. The value of your home and your income must be sufficient to qualify for the higher loan. The minimum amount by which a loan can be increased is EUR 15,000. The value of your home will be stated in a new valuation report to be prepared by the valuer.
- iii. If we approve your loan increase, we will send you an interest rate offer. Chapter 1 of these Terms & Conditions explains your options with this interest rate offer. It also tells what you will need to do if you decide to accept the interest rate offer and would like to

receive a mortgage offer.

- iv. If your loan exceeds the mortgage registration as specified in the existing mortgage offer as a result of the increase, you will need to go to the civil-law notary to execute a new mortgage deed. The new mortgage deed will state that, in addition to a first right of mortgage, we also have a second right of mortgage on the collateral.
- v. Please be aware that all costs associated with increasing your loan will be at your expense.

2.4 What is the interest rate on the loan?

- i. The interest rate and the fixed-rate period are specified in the interest rate offer and the mortgage offer. The interest rate depends on five factors:
 - a. the loan amount,
 - b. the type of mortgage,
 - c. the value of your home,
 - d. the fixed-rate period, and
 - e. whether an NHG has been provided by the Homeownership Guarantee Fund.
- ii. The interest rate stated in the interest rate offer can deviate from the rate stated in the mortgage offer, for example because of changes to the loan applied for.

2.5 How do we calculate the interest that you will be paying?

- i. At the end of each month, we calculate how much interest you will pay. Our calculations are based on the principal of each loan part at the beginning of the month and the rate corresponding to that loan part. Our calculations are based on a year consisting of 360 days and a month consisting of 30 days.
- ii. You will owe interest from the day that we transfer the amount borrowed to the civil-law notary's bank account.

2.6 How long will my interest rate be locked in?

- i. The interest rate will be locked in for the duration of the fixed-rate period.
- ii. The mortgage offer specifies how long the interest rate will be locked in from the start of a loan part.

2.7 When are administrative fees due?

We may charge administrative fees for changes made to your loan. For example to adjust the type of mortgage or method of repayment, to adjust the interest rate prematurely, to increase your loan or to process the release from joint and several liability of one of the borrowers. See www.nibcdirect.nl for details of the administrative costs applicable to each change.

2.8 Are you moving to a new home?

- i. Are you selling your home? And do you intend to buy a new home? Then you may request an interest rate offer in order to use your current loan to finance the purchase of your new home. Please contact your financial adviser to find out more. If you intend to use the loan

to finance a new home, we may change the terms and conditions of the loan.

- ii. The rate class of your loan, the fixed-rate period and the amount of interest owed by you will be stated in your new interest rate offer and mortgage offer. The amount of interest you are required to pay depends on four factors:
 - a. the interest rate of your old loan,
 - b. the new loan amount,
 - c. the type of mortgage, and
 - d. the value of your new home.
- iii. We may decide that you cannot use your current loan to finance the new home, for example if the new home does not meet our conditions or if it would be irresponsible to provide the loan in view of your financial situation.
- iv. You must buy the new home within nine months of repaying your old loan.

3. Fixed-rate period and rate classes

3.1 What happens to the interest rate at the end of the fixed-rate period?

Three months before the fixed-rate period ends, you will receive an interest review proposal from us. This proposal specifies the new interest rate for a fixed-rate period equal in length to the previous fixed-rate period. You will also receive a change form, stating the various fixed-rate periods. Each period comes with a different interest rate.

3.2 How do you choose a new fixed-rate period at the end of the fixed-rate period?

- i. You can use the change form to indicate the fixed-rate period of your choice. Sign the form and return it to us. If you have taken out the loan jointly with someone else, that other person must also sign. We must have received the signed form no later than fourteen days before your current fixed-rate period ends.
- ii. The change form may also indicate that new terms and conditions will apply if you choose to change your fixed-rate period.
- iii. If we have received the form on time, we will change the fixed-rate period in accordance with your instructions.
- iv. If we do not receive a form from you, your new fixed-rate period will be the same as your previous fixed-rate period. The new interest rate is stated in the interest review proposal.

3.3 What if you wish to change the fixed-rate period at a different time?

- i. You can only change the fixed-rate period other than at the end of the fixed-rate period if 24 months have elapsed since the start of a new loan, increase or transfer of loan component. You may also be required to pay a penalty, as it may cost us money if you wish to change the fixed-rate period early. The penalty compensates us for the financial disadvantage.
- ii. You will receive a new mortgage offer from us upon request. This offer will state the new

interest rate, the fixed-rate period and any penalty to be paid. Chapter 5 explains how we calculate the fee.

3.4 What if the loan falls into a different rate class as a result of repayment or increase?

- i. Your interest rate breaks down into several elements, such as costs for the risk of your being unable to pay back the loan in full. The risk costs go down as our risk decreases, for example as you make loan repayments.
- ii. We have divided this risk into a number of classes, called rate classes. Do you have a high loan amount relative to the value of your home? Then your loan carries more risk for us and falls into a higher rate class. Do you have a low loan amount relative to the value of your home? Then your loan carries less risk for us and falls into a lower rate class.
- iii. Loan repayments reduce the risk for us when your loan reaches a lower rate class. We then automatically charge lower risk costs. As a result, your interest rate goes down, possibly to the lowest rate class. By how much your interest rate goes down depends on the interest rate differences between the various rate classes on the date that the interest rate was last determined. This may be the date that you took out your loan or the date on which your new fixed-rate period started.
- iv. Loan increases raise the risk for us when your loan reaches a higher rate class. When you borrow additional funding to pay for a renovation, for example, this may push your loan into a higher rate class. We then automatically charge higher risk costs. By how much your interest rate goes up depends on the interest rate differences between the various rate classes on the date that the interest rate was last determined. This may be the date that you took out your loan or the date on which your new fixed-rate period started.
- v. The value of the home is determined when the loan is provided. The value used is the market value from the valuation report. We may ask a valuer at any time to redetermine the home's value during the term of the loan. We select the valuer. The valuer's costs are payable by you. We may then use the market value from the new valuation report to determine your rate class. It is possible that you will move to a higher or lower rate class as a result.
- vi. See www.nibcdirect.nl for a specification of the rate classes. Please be aware that we may change the rate classes.

Example:

You have a loan of EUR 200,000 and the value of your home is also EUR 200,000. The loan amount relative to the value of the home is 100%. You fall into the highest rate class of up to 106%. See the table for the various rate classes. These were the interest rates for each rate class when you took out the loan.

Rate classes	
Up to 65%	4.10%
Up to 80%	4.30%
Up to 95%	4.45%
Up to 106%	4.60%

If repayments lower your loan to less than EUR 189,000, the loan amount relative to the value of the home drops below 95% ($\text{EUR } 189,000 / \text{EUR } 200,000 \times 100\%$) and you will fall into the up to 95% rate class. The rate of 4.45% will then apply to you. You will pay this lower rate until the end of your fixed-rate period, unless you move into an even lower rate class because of regular or additional repayments. After that, the rate will be redetermined, of course based on the rate class then applicable to the loan and the interest rates prevailing at that time.

Please note: the figures in this example are notional.

3.5 What if the value of the home increases?

If the loan moves to a different rate class because of an increase in the value of the home, you may ask us to adjust the interest rate. To this end, you must supply a valuation report approved by us or, if the mortgage is less than EUR 500,000 *and* less than or equal to 65% of the most recent valuation for purposes of or assessment under the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*, or WOZ).

3.6 Can the rate class also change in the case of an NHG-backed loan?

You cannot move to a different rate class if you have taken out an NHG-backed loan. Only one rate class applies to NHG-backed loans.

4. Repaying the loan

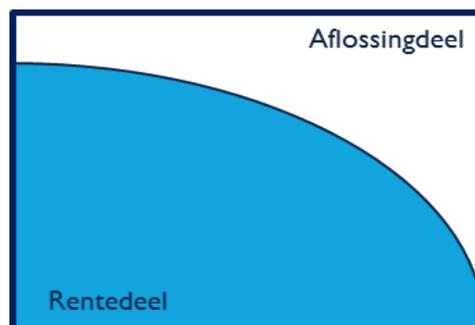
4.1 How to repay the loan

How you will repay the loan depends on the type of mortgage chosen. The type of mortgage can vary from one loan part to another. The various types of mortgage we have on offer are explained below.

Please note: the type of mortgage you choose may have consequences for your entitlement to mortgage interest relief. You may only deduct interest paid, not repayments of loan principal. In addition, the government could decide to limit or abolish mortgage interest relief, in which case the interest you pay would no longer be tax deductible. We have no say in this. Please contact your financial adviser for advice on tax matters.

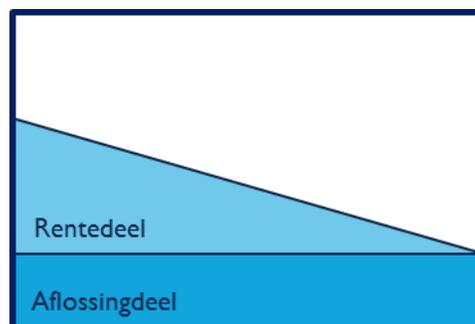
4.1.1 Annuity-based mortgage

- i. An annuity-based mortgage gives you the assurance that you will pay back the loan in full. You repay the loan in the term chosen by you. The maximum term is 30 years.
- ii. Under an annuity-based mortgage, you pay the same amount every month. This applies to months in which the interest rate stays the same. The fixed monthly instalment consists of one part interest and one part loan repayment. Your loan decreases every month because of this repayment element. As a result, you pay us less in interest and more in repayments every year.
- iii. For the first few years, your monthly instalment will consist mainly of interest, whereas in later years it will mainly consist of loan repayments. We automatically recalculate your monthly instalment every time your interest rate changes.



4.1.2 Straight-line mortgage

- i. A straight-line mortgage gives you the assurance that you will pay back the loan in full. You repay the loan in the term chosen by you. The maximum term is 30 years.
- ii. Under a straight-line mortgage, you pay interest and a level amount in loan repayments every month. Your loan decreases by a fixed amount every month as you make level loan repayments every month.
- iii. We automatically recalculate your monthly instalment every time your interest rate changes.



4.1.3 Interest-only mortgage

- i. Under an interest-only mortgage, you do not make any repayments during its term.
- ii. You only make monthly interest payments on the interest-only mortgage. Your loan stays the same month by month because you do not make any repayments. You are required to pay back the loan in one lump sum at the end of its term. You are free to choose any term. The maximum term is 30 years.
- iii. We automatically recalculate your monthly instalment every time your interest rate changes or you make voluntary additional repayments.



4.2 Are you allowed to pay back all or part of the loan prematurely?

- i. You are allowed to pay back the loan earlier than stated in the mortgage offer. However, you will sometimes incur a penalty to do so. If you take out a loan, we, like you, take on obligations. We in fact borrow money in order to lend you money. We pay interest on that amount. We might therefore suffer an interest loss if you repay more than agreed. In that

case, we will seek compensation for our financial disadvantage.

- ii. You must pay this compensation together with your additional repayment. Chapter 5 explains how we calculate this compensation.
- iii. If you wish to pay back all or part of the loan early, you may send us a letter or email fourteen days before your intended repayment. We will then calculate whether you must pay us a penalty and will inform you accordingly by letter. This is the early repayment statement. It states exactly how much you can repay and the latest date upon which you can do so. If you are unable to pay by the date specified in the early repayment statement, the early repayment statement will lapse and you may request a new one.
- iv. If you repay all or part of the loan early without prior notice and you are required to pay a penalty, we will calculate the penalty at the time of receipt of the repayment. We will set off this penalty (if any) against the amount received or charge it to you in arrears.
- v. Please do not hesitate to ask us for more details if you have any questions about the early repayment statement or the calculation of the penalty due.

4.3 In which situations may you repay the loan without incurring a penalty?

You do not need to pay a penalty for repaying all or part of the loan early in the following cases:

- i. You can repay up to 15% of the original principal of the loan part concerned every calendar year without incurring a penalty. This is referred to as the penalty-free margin. The original amounts of the loan parts are stated in the mortgage offer.
- ii. If you are selling your home because you are moving, you must pay back the loan in full. We charge no penalty in that case. Sale means the legal transfer of the ownership of your home (by way of a notarial deed) and putting the entire home at the disposal of a third party. That third party may not be your partner or former partner or a legal entity or type of partnership in which you or your partner are/is involved.
- iii. On the day that your fixed-rate period ends, you can pay back the loan parts concerned without incurring a penalty.
- iv. If your current interest rate is lower than the current interest rate offered by NIBC Direct for similar loan parts, you will not incur a penalty for early repayment. A similar loan part is a loan part with a type of mortgage, rate class and (remaining) fixed-rate period similar to those of your current loan part.
- v. Upon your death, the loan can be repaid within six months without penalty. If you have term life insurance which has been pledged to us, the payment under this insurance is automatically used to repay your loan. In addition, the fixed-rate period of the (remaining) loan may be changed within six months of your death without penalty.
- vi. If your home is destroyed, for example by fire or explosion, you may repay the loan within twelve months of the home's complete destruction without incurring a penalty.

- vii. Nor will you incur a penalty if you repay part of the loan using money still left in the home construction account or home improvement account.
- viii. In the case of a bridging loan, the demonstrable surplus from the sale of the former home may be repaid within three months of the sale.

In all other situations, you may need to pay a penalty for repaying the loan prematurely.

4.4 Are you allowed to change the type of mortgage?

- i. Under certain conditions, it is possible to change the type of mortgage of your loan part. Changing the type of mortgage may have tax consequences for your loan. Please contact your financial adviser if you wish to change the type of mortgage.
- ii. It is not possible to switch to a different NIBC Direct mortgage product during the term of the loan.

4.5 Do you have a bridging loan?

- i. A bridging loan is a temporary loan taken out so you can use part of the proceeds from the sale of your current home to purchase a new home if your current home has not yet been sold.
- ii. The maximum term of a bridging loan is two years. As long as you have not yet sold your current home and the term of the bridging loan has not yet ended, you will only pay interest on the bridging loan.
- iii. You repay the bridging loan in one instalment once you sell the old home or, if your old home has not yet been sold, in one instalment at the end of the term of the bridging loan. You may repay the bridging loan prematurely at any time without incurring a penalty.
- iv. We may decide to convert the bridging loan into an annuity-based mortgage or straight-line mortgage with a term of up to 180 months. The rate class of your loan will be redetermined as a result of this conversion. This may change the interest rates of your loan. We may convert the bridging loan if:
 - v. the old home is not sold within the maximum term of the bridging loan, or
 - vi. you no longer meet the conditions of the bridging loan during the course of its term.

5. Penalty for repayment or change

This chapter explains how we calculate any penalties you may be required to pay for repaying or changing your loan. If you owe a penalty, we will charge no more than our interest loss. This is referred to as financial disadvantage. The calculation below is also used if you change your fixed-rate period before the current fixed-rate period has ended. In some cases, you will not have to pay a penalty. This is explained in Chapter 4.3.

5.1 How do we calculate the penalty?

We calculate the financial disadvantage in five steps:

1. What amount of the repayment is subject to a penalty?
2. What is the comparison interest rate?
3. What period is used to calculate the penalty?
4. What is the interest shortfall?
5. What is the penalty you must pay to compensate us for our financial disadvantage?

5.2 What amount of the repayment is subject to a penalty?

- i. Each calendar year, you may pay back part of the original principal of each loan part without incurring a penalty. This is referred to as the penalty-free margin. See Chapter 4.3 for more details.
- ii. If you wish to pay back more than the annual penalty-free margin, you will pay a penalty on the amount exceeding the penalty-free margin.
- iii. If you have already used up all or part of the penalty-free margin during the calendar year, we will deduct the penalty-free margin used from that year's total penalty-free margin.

Example:

You have a loan part with an original principal of EUR 100,000 and you would like to make an additional repayment of EUR 20,000. You can pay back 15% of the original principal of each loan part per year in addition without incurring a penalty. In other words, EUR 15,000. But you want to repay EUR 20,000. Which is more than the penalty-free margin. This means that we charge a penalty on EUR 5,000 (EUR 20,000 – EUR 15,000).

5.3 What is the comparison interest rate?

- i. We determine the comparison interest rate for each part of the loan based on the interest rate for a similar loan part at the time that the early repayment statement is issued or, if you do not request an early repayment statement, when we receive the additional repayment or change. The comparison interest rate is the current interest rate offered by NIBC Direct for similar loan parts. A similar loan part is a loan part that has a type of mortgage, rate class and (remaining) fixed-rate period similar to those of your current loan part.
- ii. We check how much still remains of the fixed-rate period of the loan part for which you intend to make additional repayments or change the type of mortgage or fixed-rate period. This is referred to as the remaining fixed-rate period. If we offer a fixed-rate period equal to the remaining fixed-rate period, the comparison interest rate will be equal to the interest rate corresponding to this remaining fixed-rate period and the type of mortgage and rate class of your loan part. If NIBC Direct does not offer a fixed-rate period equal to your remaining fixed-rate period, we use the highest interest rate of the closest longer and shorter fixed-rate periods offered by NIBC Direct as the comparison interest rate. This is

most favourable to you.

Example:

You have a loan part with an original fixed-rate period of 10 years. The interest rate on this loan part is 4.00%. You start repaying this loan part after 7 years and 6 months.

The fixed-rate period still remaining is 2 years and 6 months. We do not offer a fixed-rate period of 2 years and 6 months. Therefore, we check the closest longer and shorter fixed-rate periods we do offer. The closest longer fixed-rate period is 3 years in this case, with an interest rate of 3.00%. The closest shorter fixed-rate period is 2 years in this case, with an interest rate of 2.90%. The interest rate we use as the comparison interest rate is 3.00% in this example, as this is the most favourable rate for you.

5.4 What period is used to calculate the penalty?

- i. In order to calculate the penalty, we check how much still remains of the fixed-rate period of the loan part for which you intend to make additional repayments or change the type of mortgage or fixed-rate period. This is referred to as the remaining fixed-rate period. We calculate the penalty for the remaining fixed-rate period.
- ii. If the end date of the loan part for which you intend to make additional repayments is a date prior to the end of the fixed-rate period of that loan part, we will use the end date of that loan part to determine what period to use in our penalty calculation.

5.5 What is the interest shortfall?

- i. The interest shortfall is determined in relation to the amount on which you must pay a penalty. For this amount, the total interest based on your current interest rate is calculated first. After that, the total interest is calculated using the comparison interest rate. The difference between these two interest amounts is the amount in interest we will not receive because of your additional repayment or your change to the loan part. This is referred to as the interest shortfall. The calculation of the interest shortfall is based on the assumption of monthly interest payments.
- ii. We take account of how the contractual repayments on your loan are progressing when calculating the interest shortfall. It is therefore important to know the type of mortgage of the loan part for which you intend to make additional repayments or changes.
- iii. If the loan part is an interest-only mortgage, you pay only the monthly interest for the term of the loan. As per our mutual agreement, you are required to pay this loan part in one lump sum at the end of its term. You do not make any contractual repayments during the term.
- iv. If the loan part on which you make additional repayments is an annuity-based mortgage or straight-line mortgage, you pay monthly interest on the loan during its term. In addition, you repay an agreed amount of the loan each month. We take account of how future contractual repayments of the amount on which you must pay a penalty will progress. We calculate the total interest based on your current interest rate and the total interest based on the comparison rate in respect of these repayments. The difference between the two is

the amount in interest we will not receive because of your additional repayments.

5.6 What is the penalty you must pay to compensate us for our financial disadvantage?

You must pay the total interest shortfall in one instalment in the event of an additional repayment or change. As you were supposed to pay the interest amounts at some point in the future but are now paying the total interest shortfall in one instalment, you receive a kind of discount on the total interest shortfall. The penalty you are required to pay us is the total interest amount less the discount. This is referred to as the present value of the total interest shortfall. This is our interest loss.

Example:

You have an interest-only loan part of EUR 100,000 with a remaining fixed-rate period of 2 years and 6 months (30 months). The contractual interest rate on this loan part is 4.00%. The comparison interest rate is 3.00%. You can pay back 15% of the original principal of each loan part per year in addition without incurring a penalty.

You wish to repay the loan in full. That is more than the penalty-free margin. This means that we charge a penalty on EUR 85,000 (EUR 100,000 – EUR 15,000). The total interest shortfall will be calculated on this amount.

The total interest shortfall is calculated by determining the interest amount differences according to the contractual rate and according to the comparison rate. If you were not to repay or make a change, we would receive the contractual interest on your loan part for the remaining fixed-rate period (30 months). The total interest amount is EUR 8,500 (EUR 85,000 x 4% / 12 x 30).

You repay or change your loan. The interest to be received by us will change as a result. For a similar loan, we would receive an interest amount of EUR 6,375 (EUR 85,000 x 3% / 12 x 30).

The total interest shortfall is EUR 2,125 (EUR 8,500 – EUR 6,375).

As you pay the total interest shortfall in one instalment, we calculate the present value of the interest shortfall. As interest is owed in monthly instalments, the interest shortfall is calculated at present value for each monthly instalment. The penalty you are required to pay us is EUR 2,044.81. This is our interest loss.

6. You provide security to us

You take on payment obligations when your loan is provided. To make sure that we will get back the money lent and that you will pay the interest and any other costs, we request several types of security from you.

6.1 What security do we request?

- i. There are several types of security:
 - a. The home as security: This means that if you do not meet a payment obligation on time or at all, we have the option to sell your home. This is called a right of mortgage. You also give us a right of mortgage on anything permanently attached to your home, for example a garage or a dormer (referred to as ‘accession’ in the law).

- b. Other possessions associated with the home as security: This means that if you do not meet a payment obligation on time or at all, we have the option to sell your furniture, for example. This is called a right of pledge.
 - c. Insurance as security: This means that if you do not meet a payment obligation on time or at all, we will be entitled to the money you receive under your home insurance, term life insurance or other insurance associated with the home. This is also called a right of pledge.
 - ii. The security is described in the mortgage deed. The mortgage deed is drawn up by the civil-law notary. Your signing of the mortgage deed signifies your acceptance of the security requested by us. You sign the mortgage deed at the civil-law notary's office.
 - iii. By signing the mortgage deed, you declare that the following information is correct:
 - a. You are the sole owner(s) of the home.
 - b. You are legally competent.
 - c. There is no one else entitled to your home as security.
 - d. There are no toxic or hazardous substances in the home or in the soil, at least not to your knowledge.
 - e. You have done nothing in breach of the law or any other government rules that decreases the value of the home.
 - f. No attachment has been levied on your possessions or insurance. Your possessions are yours alone.
 - g. If nevertheless someone else is entitled to your possessions or insurance as security, we will always have priority over that other party.
 - h. You have done nothing with the possessions and insurance that is in breach of the law or any other government rules.
 - i. You comply with the rules applicable to the relevant insurance, for example by paying premiums on time. You also declare that this insurance has not lapsed and will not lapse at any time in the future.
 - j. You give us a right of pledge on your insurance.
 - iv. The mortgage right registration in the land registry may exceed the amount actually borrowed by you. That is convenient, as it avoids your having to sign a new mortgage deed if you request a higher loan from us (up to the maximum amount of the registration).
 - v. You are not allowed to entitle someone else to your home, possessions or insurance as well without our prior written permission, should you wish to do so.
 - vi. Any changes to the home that increase its value after you signed the mortgage deed are also part of our security. Consequently, you may not undo these changes without our permission. This also applies to the possessions associated with the home.
 - vii. You must keep the home in a good state of repair and not inflict any damage.

6.2 What if someone else gives us security for your loan?

If someone else also gives us security for your loan, s/he must also sign the mortgage offer as co-debtor. We all agree that s/he will not receive any money in return. We determine in which sequence we will demand loan, interest, cost and any penalty payments from the co-debtors.

6.3 Who is allowed to sell the security?

- i. Only we have the right to sell the security and use the money to meet your payment obligations and pay back your loan. This means that only we may receive the money.
- ii. We may give others information about our security if necessary, for example if another party wants your home, an insurance benefit or your possessions.
- iii. We may also give the security to other parties.

6.4 When may we request additional security?

- i. If we believe that the value of the security we received from you has become too low, for example because your home is in a state of neglect, we may request additional security from you. The security must be in reasonable proportion to the amount of the loan.
- ii. If you are unable or unwilling to provide additional security, we may request an additional repayment from you.

6.5 When are you no longer required to provide security?

- i. Once you have fully repaid the loan and the interest and all other amounts you owe us under the terms of the loan, we no longer require security. In that case, we will return all security to you. Any costs incurred for this purpose, for example civil-law notary fees, are at your expense.
- ii. We may also return part of the security at your request. In that case, however, we may negotiate new terms and conditions with you.

7. Use of the home

We impose a number of conditions on use of the home in order to ensure that the home holds its value.

7.1 How may or should you use your home?

- i. You may only use the home to live in it yourself.
- ii. You must keep your home in a good state of repair and promptly repair damage.
- iii. You may only use the home in accordance with the law and these Terms & Conditions.
- iv. If your home is an apartment, there must be an active association of owners and an up-to-date long-term maintenance plan.

7.2 What are you not allowed to do with the home without our written permission?

- i. You may not demolish the home, not even part of it. If there is no home but only land, you may not excavate it if this lowers its value.
- ii. You may not divide the home into two or more dwellings or combine it with another home or a piece of land.
- iii. You may not limit the rights associated with the home, the easements. For example, you may not give away your right of way and thus lose the ability to get to your home in the usual way.
- iv. You may not convert the home into something other than a home, for example a shop.
- v. You may not use the home for any purpose other than owner occupation. You may not allow others to live in the home.
- vi. If the home has suffered damage and someone else claims money from you because of this damage, you may not do anything without our written permission.
- vii. You may not store any toxic or other hazardous or inflammable or explosive substances inside the home. You may only do so if you have obtained a permit from the public authorities and we have given our written permission for that purpose.

7.3 What if you do something to the home that is in breach of the Terms & Conditions?

- i. You may not alter the home in a way that reduces the home's value. If you nevertheless do so, you must promptly remedy it.
- ii. If you do something to the home that is in breach of these Terms & Conditions or omit to do something to the home that the Terms & Conditions require you to do, we will do what is necessary to restore the home's value. The associated costs are at your expense.
- iii. We may check at any time whether you are complying with these Terms & Conditions. You must therefore always allow us to enter your home. If no one is living in your home, we may enter the home to inspect it.

7.4 What types of insurance do you need?

- i. You must insure your home by taking out home insurance. This insurance covers damage to the home caused by, for example, fire, storm or lightning. You must select an insurance policy that will enable you to fully repair any damage to your home. Please contact your financial adviser for insurance advice.
- ii. You may not change or terminate this insurance without our written permission.
- iii. If your home is an apartment and someone else (the association of owners, for example) has taken out insurance for this apartment that we consider inadequate, you must take out additional insurance.

- iv. Term life insurance is not compulsory; we advise you to discuss with your adviser what the best option is in your personal situation.

7.5 What if something happens to your home, possessions or insurance?

- i. What if something happens to your home, possessions or insurance that affects our security, for example damage to your home entitling you to a payout under an insurance policy? Please inform us of the damage at the same time that you inform the insurance company, but in any event within eight days of discovery.
- ii. If the insurance subsequently turns out to be insufficient, the damage will be at your expense.
- iii. If you have suffered damage and have received a damage settlement proposal from the insurance company, we must give our approval before you may accept this proposal.
- iv. If you receive money from the insurance company, we may decide whether to use this money to repay part of the loan or to repair the damage. If any money remains after repair, we may decide whether to use this money to repay part of the loan or give you the money.
- v. If you receive a letter from the insurance company stating that the company will reduce or terminate the insurance, you must notify us immediately.
- vi. If you do not comply with the above arrangements, for example by not paying the insurance premiums, we may decide to pay these premiums. You must subsequently pay the premiums to us or we may take out new insurance. The premiums for this insurance are payable by you.
- vii. The insurance company's refusal to pay in the event of damage is a matter between you and the insurance company for which you are responsible, not we. This means that you must pay back the loan to us in full in that case as well. You cannot set off the amount you were supposed to receive from the insurance company against your loan.

7.6 What arrangements must you make with the insurance company and us about the insurance?

- i. Upon request, you must ensure that the insurance company sends us the insurance policies serving as security within one month after you signed the mortgage deed. This is explained in Chapter 6.1.c.
- ii. You must agree with the insurance company that we will receive the insurance money first and no one else. The insurance company must state this in the policy. If we want someone else to receive the insurance money, you must arrange this as soon as possible.
- iii. In addition to a right of pledge on the insurance policy, we agree that all other rights attached to insurance policies will accrue to us. For example, we may terminate the insurance or designate another party to receive the insurance money.
- iv. If you do not pay your insurance premiums, we may require you to repay the loan on a straight-line basis. That means that we will divide the amount not yet repaid by you by the number of months that the loan still continues. That is the amount you must pay back to

us every month. At the same time, we may decide that you must pay us the insurance premiums. We will then use this money to pay the insurance company.

- v. If you have repaid the loan in full and paid us all amounts you were required to pay, for example interest, costs and penalties (if any), all entitlements under the insurance will be returned to you. We will send a letter to the insurance company to that end.
- vi. We may use the insurance in any way we deem necessary to provide us with security. This means that we may make decisions on your behalf and make arrangements about the insurance with the insurance company, for example by reaching a settlement about the amount to be paid out.
- vii. Please send us a letter or email immediately if you take out any new insurance associated with the home after signing the mortgage deed.

7.7 Are you allowed to let the home?

- i. You may not let the home (see also Article 13.5). You may let the home only after obtaining our written permission and only if you meet the conditions we will impose. You may not subsequently change the conditions for the lease without our written permission.
- ii. You must provide us with all leases upon our request.
- iii. We may decide that you must grant us a right of pledge in respect of the rental income and/or that you must use the rental income to repay the loan.

7.8 We may redetermine the value of your home

- i. We may redetermine the value of your home any time, for example if you do not cooperate in selling the home. We select the valuer. You must allow the valuer to do his/her work when so requested by us. You must allow the valuer to enter the home. The valuer's costs are payable by you.
- ii. The valuer will draw up a valuation report. This report may state a value for the home that we consider too low in view of the loan amount. If so, we may make new arrangements with you, for example stipulating that you must pay back part of the loan earlier.

8. What are you required to pay, and how?

8.1 You must pay us interest, principal repayments and other costs

- i. You must pay interest on the loan every month. If so agreed, you must also pay back part of the loan every month. We calculate how much you must pay.
- ii. We will automatically deduct the amount to be paid by you to us from your bank account three working days before the end of the month. Please make sure, therefore, that there is always sufficient balance in your bank account. We may change the date of payment, observing a reasonable margin.
- iii. You give us, or any other party designated by us, permission to automatically deduct the

amount from your bank account every month.

- iv. If we are unable to deduct the amount from your bank account, you must transfer the amount to us as soon as possible.
- v. If you are required to pay not just these amounts but other amounts as well, for example costs we paid for you, we will also automatically deduct this from your bank account three working days before the end of the month.
- vi. If the interest rate changes, if you start repaying a different amount or if you have repaid part of the loan prematurely, we will recalculate how much you are required to pay.
- vii. Any costs incurred by you for paying us, for example because you need to make an urgent payment, will be at your own expense.
- viii. You have paid us once the money is in our bank account and you can no longer reverse the transfer. The same applies if we automatically deduct the amount from your bank account. You may not recredit any payment by direct debit.
- ix. If you pay us too little, we will use your money:
 - a. first, to pay the amounts we paid for you (insurance premiums, for example),
 - b. then, to pay other amounts you owe us (costs and penalties, for example),
 - c. then, to pay the interest you owe us, and
 - d. finally, to repay part of the loan.

We always do this in this sequence. You cannot change this.

- x. If we paid an amount for you, or if we are entitled to an amount from you, you must pay that amount immediately. You are not required to do so if we have made other written arrangements in that regard.
- xi. You may not set off any amounts to be received by us from you against any amounts to be received by you from us. These are two separate things.
- xii. You must pay us in euros.
- xiii. Please use the collection account change form if you wish to change the bank account number we use to collect payments from you. This form can be downloaded from www.nibcdirect.nl.

8.2 What costs are you required to pay?

- i. You must pay all costs associated with the loan and the security provided to us:
 - a. The costs of providing the loan to you or for renewing or changing the loan.
 - b. The costs of your financial adviser.

- c. The costs of the security you provide to us, for example the civil-law notary's costs for drawing up, signing and changing the mortgage deed and the deed of pledge, the valuation costs for the home and the costs of retrieving this security.
- d. The costs of ensuring that you pay all amounts and observe all agreements, for example collection costs, civil-law notary fees, auction costs, bailiff costs, costs we need to pay for legal assistance or valuation.
- e. The costs of expropriating or cleaning your home and removing your possessions from the home if necessary.
- f. If you have a conflict with someone else and that party attaches your home, for example, we may need to incur costs, such as the costs of legal assistance. These costs are at your expense.
- g. All other costs (such as ground rent) and taxes associated with the loan and the home.
- ii. If you fail to pay costs that you were required to pay, we may pay these costs if we deem it necessary to do so. You must pay back these costs to us. If you do not pay back these costs to us, thus creating additional costs for us, these additional costs will also be at your expense.
- iii. If we pay something you should have paid, you must pay us interest for this. The interest rate is determined by statute.
- iv. If circumstances compel us to incur costs, we will not ask for prior approval to incur these costs.

8.3 What do we do if we receive an amount to be forwarded to you?

- i. If we must pay you an amount and we are to receive this amount from someone else, we will not pay until we have actually received the money from that other party. If we nevertheless pay you the amount without having received the amount from the other party, we will add the amount to your loan. If necessary, we will do so afterwards. We will not send you a letter about this in advance.
- ii. If we receive the amount from the other party in a different currency, we will calculate how much we must pay you in euros. For the calculation, we use the exchange rate on the date that we receive the money.

9. Who is responsible for repaying the loan?

9.1 Are several persons taking out the loan?

- i. A loan can be provided to either a single individual or several persons jointly. Where these Terms & Conditions refer to 'you', this means all persons to whom the loan is provided.
- ii. If the loan is provided to more than one person, each borrower has the authority to receive all notifications from NIBC Direct and make all notifications to NIBC Direct also on behalf of the other borrower(s).
- iii. If the loan agreement is signed by several borrowers, each borrower is authorised to perform all legal acts related to the loan, the loan agreement, the Terms & Conditions and

the mortgage offer.

- iv. You are (jointly) responsible for repaying the loan. You must pay us back an amount every month if so agreed. The persons jointly taking out the loan are jointly and severally liable. This means that we may demand payment of the entire amount of the loan from each person individually.
- v. If any of you is no longer able to pay, the other persons must nevertheless pay back the loan in full. If any of you receives permission from us not to pay for a certain period of time, or if the law provides that any of you no longer has to pay, the other persons must continue to pay the amounts due on the loan as usual. This also applies if we change our security.
- vi. All persons responsible for the loan must pay back the loan to us in full. The persons responsible for the loan may therefore not demand any money from each other that they owe us. If they nevertheless do so, we must be paid first. As security, you grant us a right of pledge on all your claims on each other.
- vii. The persons responsible for the loan may not agree to take over each other's rights and obligations. The law calls this 'subrogation'. If the persons responsible for the loan nevertheless take over each other's rights and obligations, we must still be paid first. As security, you grant us a right of pledge on all rights you can enforce against each other.

9.2 Is there a surety?

- i. A surety is a third party that is not the debtor. Someone who promises to pay on your behalf if you are unable to do so. We agree that you are jointly and severally liable, without anyone standing surety.
- ii. If the court nevertheless finds that someone is standing surety, we agree, to the extent legally possible, that the surety cannot avail himself of his/her rights and defences under the law.

9.3 Is someone else arranging matters with us on your behalf?

- i. If you have given someone else permission to arrange matters regarding your loan with us on your behalf, you must inform us of this in writing. All conditions and arrangements also apply to this other person. You must inform him or her about this and you are responsible for ensuring that s/he complies with all conditions and arrangements.
- ii. If you have given someone else permission to make arrangements with us on your behalf in connection with your loan and the terms of that permission change, or if the court forbids that other person from continuing to make arrangements, you must immediately inform us of this in writing. Until we have been informed, that other party may continue to arrange matters as usual with us in connection with your loan, even if the changes have already been written into a public register.

9.4 Death

- i. Your next of kin should inform us of your death in writing as soon as possible. As long as we have not been informed, we will proceed as mutually agreed.
- ii. We may ask for a certificate of inheritance from a civil-law notary in the Netherlands. This informs us of with whom we can make arrangements. The costs are payable by your next of kin. Your next of kin must also provide us with other documents if so requested.
- iii. We are not required, after your death, to resend any information provided by us before your death.

10. The home construction / improvement account and the sustainability account

10.1 How do they work?

- i. If you use part of the loan to construct or renovate your home or add sustainability measures to your home, we will deposit the loan part used for construction of your home in the home construction account, the loan part used for renovation of your home in the home improvement account and the loan part used for sustainability measures in the sustainability account. You can use the money in the account to pay the invoices for the construction, renovation or sustainability measures.
- ii. You are still required to make interest and principal payments to us while the home is under construction, renovated or made more sustainable. You must pay us interest on the loan every month. If so agreed, you must also repay part of the loan to us every month.
- iii. If there is money in the account, you will receive interest from us for this money, which will be credited to your account. To calculate the interest, we use the same interest rate as the one applicable to your loan. If different interest rates apply to different parts of your loan, we will calculate the average of the different interest rates, taking into account the amounts of the various loan parts.

10.2 How long will the home construction / improvement account be active for?

How long the account will be active for may vary. If the purpose of the account is to renovate and/or add sustainability measures to an existing home, you may use the account for no more than one year. If the purpose of the account is to construct and/or add sustainability measures to a newly built home, you may use the account for no more than two years.

10.3 What if the account is terminated?

- i. Once the account is terminated, we will no longer pay interest. We will use any money then remaining in the account to repay your loan. If your loan consists of several loan parts, we will use the following sequence of repayment:
 - a. First, a loan part with an interest-only type of mortgage (if there are several interest-only loan parts, first the loan part with the highest interest rate); and

- b. If any amount still remains, a loan part with an annuity-based or straight-line type of mortgage (if there are several annuity-based or straight-line loan parts, first the loan part with the highest interest rate).
- ii. In case of repayment under the loan using money from the account, this amount will be deducted from the market value applied to your home after renovation, if applicable. The rate class of your loan may be redetermined at that time. The interest rate of your loan may change as a result.

10.4 How do you pay invoices using money in the account?

- i. If you wish to pay an invoice of a contractor or another party using money in the account, you will need the original invoices. Sign those invoices and write the number of the loan on them, and then upload the invoices using the MijNIBC Direct Hypotheken app or in the MijNIBCDirect online environment. We check the invoices you send to us. If the invoices meet our conditions, we will pay them.
- ii. If you wish to receive money from the account, you must send us proof that you paid the contractor or other party. State the number of the loan on that proof of payment and send it to us along with the original invoice signed by you. We check the proofs of payment and the invoices you send to us. If the proofs of payment and the invoices meet our conditions, we will transfer the amounts to the payment account specified by you. This must always be a payment account registered in your name.
- iii. If we receive an invoice for upward contract variations, we will only pay this invoice if so stated in the construction plan, the renovation plan and in the mortgage offer for the loan.
- iv. We only pay money from the account:
 - a. if you comply with all arrangements,
 - b. if there is enough money in the account,
 - c. if you send us the original invoices signed by you, and
 - d. if the work is carried out as stated in the construction plan, renovation plan or sustainability plan. These plans and the work are subject to our prior approval.

11. What information must you supply to us?

Please note: we assume that all information we receive from you is correct, even if you send us that information through someone else.

Please make sure that others cannot access the information sent by you or received from us. Make sure that your internet connection is secure, for example. We may copy and retain the information we receive from you.

11.1 Personal details

- i. We receive your personal details from you:
 - a. your name and full address,
 - b. your date of birth,
 - c. your citizen service number,
 - d. your signature,
 - e. if you are married or are in a registered partnership, you must provide us with the marriage or partnership agreement by sending a copy of the agreement, and
 - f. if you are responsible for the loan together with someone else, you must also provide us with his/her personal details.
- ii. We use your signature in the application for the loan to check your subsequent signatures. If you change your signature, you must send us your new signature as soon as possible.

11.2 What if your details or circumstances change?

- i. You must also provide us with the information stated below. You must send us this information in writing, within fourteen days of the day that this information is available to you.
 - a. Changes to your personal details.
 - b. Change of address.
 - c. You wish to receive your post somewhere else.
 - d. Changes to your rights. For example, if you are no longer allowed to sign agreements.
 - e. You are getting a divorce or there are changes to your marriage or partnership agreement.
 - f. Every change to your situation entitling us to demand immediate repayment of all or part of the loan from you.
 - g. Every change or damage to the home or anything else that decreases the home's value.
 - h. Every change to the rights you have to the home.
 - i. Every change or damage to the possessions you provided to us as security or anything else that decreases the value of the possessions.
 - j. Every change to insurance associated with the home or the loan.
 - k. Someone petitions the court to declare you bankrupt.

- l. You petition the court to grant you a suspension of payments or a debt restructuring scheme.
- m. Please send us any documents you may receive in relation to a change to the fitting out, appearance or designated use of the home or the land on which the home is built within fourteen days of receiving them or immediately upon our request.

11.3 What may we ask of you?

- i. In some cases you must provide us with additional information, for example if we have questions about your work, your income, the origin of your own financial resources or why you need the loan.
- ii. If you deposit money into an account with us, pay for part of the home using your own resources, make an additional repayment under your loan, provide us with securities such as shares or other valuable possessions, we are legally required to ask you how you obtained them and you are required to give us that information.

11.4 Your address

- i. In principle, we use the address of the collateral as your address. If we are unable to reach you at your address, we may send your post to the civil-law notary where you signed the mortgage offer or to any other address known to us. We do this to ensure that the court or anyone else can always send you post.
- ii. If you are responsible for the loan jointly with someone else, we will send all post to the address we discussed. If you disagree with that address being used, we will determine which address to use.

11.5 Language

We must receive the information to be provided by you in Dutch. If you have any documents written in a different language, you must have these translated into Dutch by a sworn translator. The costs of translation are at your expense.

11.6 We may record conversations with you

- i. We may record conversations with you. We do this:
 - a. to deliver and improve quality,
 - b. if we consider this necessary to properly perform our duties,
 - c. to collect evidence for the court, and
 - d. to combat crime.
- ii. If you wish to obtain a copy of these conversation recordings and we are obliged to give them to you, please let us know exactly when we made these recordings.

11.7 Protection of your personal details

- i. We handle your personal data with care and in line with our privacy statement, which you receive along with the interest rate offer. The privacy statement is part of the mortgage

offer and these Terms & Conditions. The privacy statement may be updated from time to time. See www.nibcdirect.nl/privacy for the most recent version.

- ii. In addition to our privacy statement, we are authorised to provide your personal data to third parties where necessary for the performance of a contract with you or for compliance with a legal obligation or if permitted based on laws and regulations (including legitimate interests). Third parties refers to, for example, your intermediary or adviser, parties engaged by us for our operations, the performance of banking services and our services to you, parties to which we outsource certain services, competent authorities, the Credit Registration Office (Stichting BKR), the Homeownership Guarantee Fund (Stichting WEW), the Tax and Customs Administration, a legal successor or prospective legal successor, a pledgee of rights of NIBC Direct and investors in NIBC Direct.

12. What information do we give you?

12.1 You will receive the following information from us

- i. At the beginning of each year, you will receive a letter from us stating the amount of the loan as at 31 December of the previous year. This letter is referred to as the annual statement.
- ii. The letter also states how much interest, costs and other amounts you paid or owed us in that year.

12.2 Check the information you receive from us

- i. Please check immediately all information you receive from us to see if it is correct. Please also check whether we carried out your instructions correctly.
- ii. If the information received from us is incorrect or if you believe we have done something wrong, please let us know and keep the damage to a minimum. If you let us know within thirty days, we will correct the error. If not, we will assume that the information is correct and that you think so too. We will then also assume that what we did is correct. Only calculation errors will be corrected after thirty days.
- iii. If we are aware of having sent you incorrect information or having done something incorrectly, we may remedy this immediately without your permission. We will let you know immediately.
- iv. Please let us know immediately if you do not receive information you believe you should have received from us.
- v. You may always request a copy of any letter sent to you previously.

12.3 Your details and our records

- i. Our records contain information about the amount of your loan, as well as how much interest, costs and other amounts you need to pay. The information in our records

constitutes the entire and compelling proof of the loan and all related rights and obligations. If we send you letters based on the information in our records, you must comply with the instructions in those letters.

- ii. There are three exceptions to this rule:
 - a. You checked the information and discovered that the information is incorrect or that we have done something incorrectly. You have informed us of this within thirty days.
 - b. You checked the information, discovered a calculation error and informed us accordingly.
 - c. You prove that the information in our records is incorrect.
- iii. We do not retain information in our records longer than required by law.

12.4 Who is responsible for record keeping in respect of the loan?

- i. We may ask another organisation to keep records in respect of the loan on our behalf.
- ii. Any information you are required to give us must be provided by you to this organisation. The same applies with regard to all documents and letters you are required to send us.
- iii. If that other organisation causes you damage, you must contact that organisation directly. We are not responsible for such damage.
- iv. We do reimburse any damage caused to you by our intent or neglect, particularly if we knew for certain that these actions or omissions would cause you damage.

13. What if you do not comply with the arrangements made?

We have several options at our disposal if you do not comply with the arrangements made. We will only avail ourselves of these options after having informed you of this and after two months of non-payment on your part.

Please note: all costs associated with your non-compliance will be at your expense (see Chapter 9.2).

13.1 What are we allowed to do if you do not pay us on time?

If you do not pay us on time, we may decide to proceed as follows:

- i. If you have not yet received the entire loan amount, we may decide to withhold the remainder of the loan.
- ii. We may impose a penalty (see Chapter 13.5).
- iii. We may exercise our right of mortgage and right of pledge. We may sell your home and all possessions provided by you as security. We may auction your home and possessions.
- iv. We may petition the court to expropriate your home.
- v. We may decide that you must immediately repay all or part of the loan.

13.2 What if we are compelled to sell your home?

The following applies if we are compelled to sell your home:

- i. We determine how, when, where and under what conditions we will sell the home and possessions. We are not required to send you or anyone else a letter in advance informing you of your non-compliance with the arrangements made and the date by which you must remedy this non-compliance.
- ii. We determine the amount of the auction costs.
- iii. We may start, stop and restart the auction.
- iv. We may create easements. We may, for example, give your neighbour the right to cross your land.
- v. We determine when we will sign the deed of transfer before the civil-law notary.
- vi. We will receive the amount of the sale. We will let you know how much money we received. This money will be used to repay all or part of the loan and meet any other payments owed under the loan.
- vii. If the buyer does not comply with our mutual arrangements, the sale will not go ahead. If necessary, we will petition the court to stop the sale.
- viii. If a civil-law notary sells your home, you must give the civil-law notary all the information s/he needs.
- ix. Before selling your home, we may do anything to your home we consider necessary at that time to increase the proceeds, for example dividing the home. We may also change your rights, for example your right to cross someone else's land to reach your home. We will arrange this with a civil-law notary if necessary.
- x. You are required to cooperate if we sell your home. For example, you must allow potential buyers to view the home. Potential buyers may come and view the home four hours per day, two days per week, for three weeks. If no one is living in your home, we may enter the home for this purpose.
- xi. We may sell the home in its entirety or only part of it. If we sell only part of the home, we may sell the rest of it at a later time.
- xii. Once we have sold the home, you must remove all your possessions from the home and hand over the home in broom clean condition. The home must be cleared of your possessions on the day that the new owner receives the keys to the home at the civil-law notary's office. If you do not clear the home of your possessions or do not hand over the home in broom clean condition, we will do that. We may also do anything we deem necessary, for example guard the home or change the locks. You must ensure that no one else's possessions are left behind in the home.
- xiii. Any damage you may suffer from the sale of your home for any reason will not be reimbursed by us. You alone are responsible for the damage.

- xiv. If you do not agree to the auctioning of your home, please let us know at least three days before we sell the home. We will then see if we can meet your request. After that, you can no longer ask us not to auction your home. Nor can you ask us to pay you for the damage suffered as a result of the auctioning of your home. You may not go to court to sell the home in any other way. Only we may determine how we wish to sell the home. Nor may you go to court to try and get a different price for the home.

13.3 What if we petition the court to allow us to take over the management of the home?

- i. We may ask the court to confiscate your home. We will then take over the management of the home. This means that you lose your entitlement to the home and you are no longer allowed to use it. We may then do what we consider necessary. The costs incurred by us for this purpose are payable by you.
- ii. We will not pay any damage incurred by you as a result of the court's confiscation of the home. If we or the court confiscated the home, we may reinstate your entitlement to the home. You will then take back the management of the home.

13.4 When may we decide that you must immediately repay the loan?

Below, we explain the cases in which we may decide that you must immediately repay all or part of the loan (including all other claims under the loan) or when we may decide to withhold the remainder of the loan. These are referred to as grounds for enforcement. There are also additional grounds for enforcement. We are not required to first send you a letter (a notice of default) informing you of your non-compliance with the arrangements made and the date by which you must remedy this non-compliance.

13.4.1 Grounds for enforcement

- i. You must pay us an amount, but you fail to do so on time or in full.
- ii. The term of your loan has expired.
- iii. You fail to comply with any obligation in these Terms & Conditions, the mortgage deed, the mortgage offer or any other agreement or act in breach of these documents.
- iv. Your payment record gives us reason to believe that you will not perform your obligations (on time and in full) in the future. This will be the case, for example, in the event of persistent payment arrears and a failure to comply with repayment arrangements.
- v. You borrowed money from someone else and s/he wants you to immediately repay the loan or s/he may ask you to immediately repay the loan.
- vi. You do something that is not allowed or do something to the home that is not allowed under these Terms & Conditions, the mortgage offer, the mortgage deed or any other agreement or the law or other government rules.
- vii. It is sufficiently plausible that you are using the home for prostitution, for the sale, storage or processing of drugs or ingredients for drugs, or for other illegal activities.

- viii. You do something without our written permission where such permission is required.
- ix. The documents stating that you are the owner of the home or the documents of our right of mortgage or right of pledge contain inaccuracies. Or, you are required to provide us with a document and you fail to do so, or the document you provide us with is inadequate in our view.
- x. You or someone else petitions the court for a suspension of payments, bankruptcy or debt rescheduling scheme.
- xi. You no longer have any say in your finances and possessions (because of guardianship or administration, for example), you are no longer the owner of the home or possessions you provided to us as security or someone acquires entitlements to the home, possessions or insurance you provided to us as security.
- xii. You die.
- xiii. You disappear without a trace without having properly arranged your affairs with us.
- xiv. You are required to provide security to us, but you failed to do so or did not provide it in accordance with our instructions. You change the security or the ranking of our right of mortgage or right of pledge in breach of our mutual arrangements.
- xv. You gave us insufficient or incorrect information when we gave you the loan and we would not have given you this loan or would have made different arrangements with you if we had had the right information. You must do something to the home that you and we were unaware of when you received the loan.
- xvi. The home decreases in value because you do not keep the home in a good state of repair or for any other reason (fire, for example).
- xvii. The court changes some aspect of the home that makes the home unsuitable as security for us or as a result of which you no longer have any say about the home. The government changes an Act or rule reducing your entitlement to the home.
- xviii. You receive a letter from a bailiff stating that someone is levying attachment on your home. This means that you may not sell the home or provide it as security to someone else. This usually happens if you still owe someone money or if someone else claims that the home belongs to him/her. The same applies to the possessions you provided to us as security.
- xix. You let the home without having obtained our written permission to that end or your letting of the home is not in accordance with the conditions stipulated by us.
- xx. You fail to perform your obligations under your insurance, whereas the insurance benefits serve as security for us, or the insurance for the home terminates and you fail to immediately reinsure the home.
- xxi. You are no longer a member of the cooperation of which the home is part.

- xxii. Something happens to you or the home which we believe could damage our reputation.
- xxiii. Something else happens that gives us reasonable cause to terminate the loan.

13.4.2 Additional grounds for enforcement

- i. If your home is situated on land leased from someone else (superficies) or from public authorities (ground lease), the following grounds for acceleration apply as well:
 - a. You do not pay the money for the superficies or ground lease or you do not comply with the arrangements made with regard to the superficies or ground lease.
 - b. You are no longer permitted or able to use the land.
 - c. The conditions for the ground lease or superficies change.
 - d. The court changes the conditions for the ground lease or superficies or terminates the ground lease or superficies.
- ii. If your home is an apartment, the following grounds for enforcement apply as well:
 - a. The rules of the regulations applicable to the apartment or the rules in the deed of division change, the rules of the regulations or the deed of division no longer apply.
 - b. The building in which the apartment is located will be demolished in whole or in part.
 - c. You do something with the apartment that is in breach of the law, other government rules, our terms and conditions or our agreement.
- iii. If you let your home with our written permission, the following grounds for enforcement apply as well:
 - a. You have permission from the public authorities or the court to change the home's designated use.
 - b. The court allows someone else to rent the home.
 - c. You reduce the rent or ground rent.

13.5 When will we charge a penalty?

If you do not comply with the arrangements made with us, you must immediately pay us a penalty. We are not required to first send you a letter informing you of your non-compliance with the arrangements made and the date by which you must remedy this non-compliance.

- i. If you did not pay an amount on time, you must pay interest on that amount. The amount of interest is the interest that stays the same for a month for a loan on which you defaulted. We add the statutory default interest to the interest rate.
- ii. If there is any other arrangement you failed to observe, we may add up to three percent per annum to the interest rate applicable to your loan.

You must pay this default interest as from the due date or the deadline for complying with any other arrangement. We reserve the right to claim damages from you and/or to call in the loan.

14. Are you or we allowed to assign the loan to another party?

- i. We may assign the loan and all associated rights and obligations to another party. You give us permission to do so when signing our mortgage offer. You promise to sign the documents necessary for this purpose if so required. You must also cooperate in this. You also give us permission at that time to provide all information about you to that other party.
- ii. If you may not give us such permission in advance, we agree the following. We may assign the loan and all associated rights and obligations to another party at any time of our choosing and you will be required to cooperate. We will not lose any rights. Nor will you.
- iii. You may not assign the loan and any associated rights and obligations to another party without our written permission.
- iv. If we or you assign the loan to another party, we agree the following: we will also assign the security associated with the loan to that other party. This will ensure that the person required to pay under the loan will actually make those payments and that the party entitled to those payments will actually receive them and has sufficient security to ensure this.
- v. We will make arrangements about the amount of security we will provide to another party. The security may be equal to, but also lower or higher than, the loan. In addition, we may also agree that we combine the security with other security.
- vi. If we assign the loan to another party and are required to share our security (right of mortgage and right of pledge) with that other party as a result, we will make arrangements about that division. You must comply with those arrangements.
- vii.

15. When are these Terms & Conditions not applicable?

15.1 What if the law or the court prohibits a particular condition?

If there is anything in these Terms & Conditions or in another document that the law or a court forbids, it will not apply. We will then amend the Terms & Conditions. This will not affect the remainder of the Terms & Conditions or other documents.

15.2 What happens in the event of conflicting information?

- i. In the event of conflicts between any provision in these Terms & Conditions and the mortgage offer, the mortgage offer will apply.
- ii. In the event of conflicts between any provision in the mortgage offer and the mortgage deed, the mortgage offer will apply.
- iii. If you have an NHG-backed loan and anything in the mortgage deed, the mortgage offer or these Terms & Conditions conflicts with the terms and conditions of the Homeownership Guarantee Fund, the Homeownership Guarantee Fund's terms and conditions will apply.

15.3 Are we allowed to amend these Terms & Conditions?

- i. We are allowed to amend these Terms & Conditions.

- ii. We are not obliged to exercise our rights in these Terms & Conditions. Any decision on our part not to exercise any right will not diminish our other rights in these Terms & Conditions.

16. What if you are not happy with our services?

- i. We go to great lengths to keep our clients happy. Sometimes things do not go as you had expected, or we may accidentally make a mistake. Please let us know why you are not satisfied in that case. We will try to solve your problem.
- ii. If you have a complaint, please go to www.nibcdirect.nl and fill out the complaint form or send us a letter containing the following:
 - a. your complaint,
 - b. your name, address, date of birth, telephone number and email address,
 - c. the number of the loan, and
 - d. a copy of the papers that are the subject of your complaint.

Send your letter to the address below:

NIBC Direct
t.a.v. Klachtenbeheer
Antwoordnummer 16077
2501 VE Den Haag

We will contact you shortly when we have received your complaint form or letter.

- iii. If you are not satisfied with the way we have handled your complaint, you may submit your complaint to the Dutch Institute for Financial Disputes (Kifid). You must send your letter detailing your complaint within three months to:

Kifid
Postbus 93257
2509 AG Den Haag
- iv. Call +31 (0)70-333 8 999 or see www.kifid.nl for more information about Kifid and whether your complaint can be handled by Kifid.
- v. You may also apply to the competent Dutch court if you do not want to go to Kifid.
- vi. The agreement between you and us is governed by Dutch law. This means that we will apply Dutch law in the event of a difference of opinion between you and us.