

## IMPORTANT NOTICE

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

Except as set out above, no person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, any Lead Manager or any Arranger.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Lead Managers, the Arrangers, the Issuer, the Seller nor any person who controls any such person nor any director, officer, employee, agent nor affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Lead Managers or the Seller.

PROSPECTUS DATED 5 MARCH 2013

**ORANGE LION 2013-9 RMBS B.V.**  
as Issuer  
(incorporated with limited liability in The Netherlands)

	Class A	Class B	Class C
<b>Principal Amount</b>	EUR 1,365,000,000	EUR 64,970,000	EUR 42,900,000
<b>Issue Price</b>	100%	100%	100%
<b>Interest rate until First Optional Redemption Date</b>	Three-month Euribor + 0.85%	0%	0%
<b>Interest rate after First Optional Redemption Date</b>	Three-month Euribor + 1.70%	0%	0%
<b>Expected ratings (Fitch/Moody's)</b>	AAAsf/Aaa(sf)	non-rated	non-rated
<b>First Optional Redemption Date</b>	25 March 2019	25 March 2019	25 March 2019
<b>Final Maturity Date</b>	25 March 2051	25 March 2051	25 March 2051

**ING Bank N.V. as Seller**

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meanings ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) and the principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) shall apply to this Prospectus. Unless indicated otherwise, the capitalised terms conform to the RMBS Standard.*

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 7 March 2013 (or such later date as may be agreed between the Issuer, the Seller, the Arrangers and the Lead Managers).
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from, among other things, payments of principal and interest received from a portfolio solely comprising mortgage loans originated by the Seller and secured over residential properties located in The Netherlands, legal title to which will be assigned to the Issuer on the Closing Date. See section 6.2 ( <i>Description of Mortgage Loans</i> ).
<b>Security for the Notes</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, among other things, the Mortgage Receivables. See section 4.7 ( <i>Security</i> ).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000 each and integral multiples of EUR 1,000 thereafter.
<b>Form</b>	The Notes will be in bearer form and in case of Definitive Notes serially numbered with coupons and talons attached.
<b>Interest</b>	The Class A Notes will carry a floating rate of interest as set out above, payable quarterly in arrears on each Notes Payment Date. The Class B Notes and the Class C Notes will not carry any interest. See Condition 7 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Payments of principal on the Notes will be made quarterly in arrears on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with, the Conditions. The Notes will mature on the Notes Payment Date falling in March 2051. On the First Optional Redemption Date and each succeeding Optional Redemption Date and in certain other circumstances, the Issuer will have the option to redeem all of the Notes. See Condition 8 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).
<b>Subscription and Sale</b>	The Lead Managers have agreed to subscribe or procure subscription on the Closing Date, subject to certain conditions precedent being satisfied, for the Class A Notes. The Seller will, subject to certain conditions precedent being satisfied, on the Closing Date purchase the

	Retained Notes.
<b>Credit Rating Agencies</b>	Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation.
<b>Ratings</b>	<p>It is a condition precedent to issuance that, on issue, the Class A Notes be assigned a credit rating of AAAsf by Fitch and a credit rating of Aaa(sf) by Moody's. The ratings assigned by Fitch and Moody's address the likelihood of (a) timely payment of interest due on the Class A Notes on each Notes Payment Date and (b) full payment of principal by a date that is no later than the Final Maturity Date. The Class B Notes and the Class C Notes will not be rated.</p> <p>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</p>
<b>Listing</b>	Application has been made to list the Class A Notes on NYSE Euronext in Amsterdam ( <i>Euronext Amsterdam</i> ). The other Classes of Notes will not be listed. This Prospectus has been approved by The Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ) and constitutes a prospectus for the purposes of the Prospectus Directive.
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands as one of the Central Securities Depositories (the "CSDs") that fulfils the minimum standard established by the European Central Bank, as common safekeepers and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon, among other things, satisfaction of the Eurosystem eligibility criteria. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.
<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the Transaction Documents. The Issuer will have limited sources of funds available. See section 2 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The Class B Notes and the Class C Notes are subordinated to the Class A Notes. See section 4.1 ( <i>Terms and Conditions of the Notes</i> ) and section 5 ( <i>Credit Structure</i> ).
<b>Retention and Information Undertaking</b>	The Seller has undertaken to, during the life of the Notes and in compliance with Article 122a paragraph (1)(d) of the CRD, retain a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent, comprised of an interest in the first loss tranche (held via the Class B Notes and the Class C Notes) and, if necessary, other tranches having the same or more severe risk profile than those sold to Noteholders. Any change in the manner in which the interest is held will be notified to the Noteholders. The Seller has also undertaken to make available materially relevant data with a view to complying with Article 122a paragraph (7) of the CRD, which can be obtained from the Seller upon request. Each prospective Noteholder should ensure that it complies with the implementing provisions of Article 122a of the CRD in its relevant jurisdiction. See section 4.4 ( <i>Regulatory &amp; Industry Compliance</i> ).

**Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in section 2 (*Risk Factors*) of this Prospectus.**

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

**Joint Arrangers and Joint Lead Managers**

**ING BANK N.V.**

**J.P. MORGAN**

**Sole Bookrunner**

**J.P. MORGAN**

## RESPONSIBILITY STATEMENTS AND IMPORTANT INFORMATION

### Responsibility statements

The Issuer is responsible for all information contained in this Prospectus. To the best of the Issuer's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information (except for the information for which the Seller is responsible as referred to in the following paragraph) contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller is responsible for the information referred to in the paragraph below.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRD in section 1.4 (*The Notes*), 1.6 (*Portfolio Information*), 3.4 (*Seller/Originator*), 3.5 (*Servicer*), 4.4 (*Regulatory and Industry Compliance*), 6.1 (*Stratification Tables*), 6.2 (*Description of Mortgage Loans*), 6.3 (*Origination and Servicing by Originator*), 6.4 (*Dutch Residential Mortgage Market*) and 6.5 (*NHG Guarantee Programme*) and any other disclosure in this Prospectus in respect of Article 122a of the CRD. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in the aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

### Market and industry data

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an "**Independent Source**").

The most recent available information from Independent Sources has been included in this Prospectus. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of ING, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure such is the case).

### Incorporation by reference

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated by reference herein (see section 8 (*General*) below). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

### Important information

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE**

**SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE AFM, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGERS AND THE LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. SEE SECTION 4.3 (*SUBSCRIPTION AND SALE*). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING ON ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NONE OF THE ISSUER, ANY OF THE LEAD MANAGERS OR ARRANGERS MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER, THE SELLER AND THE OTHER SOURCES IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN BY THE ARRANGERS OR THE LEAD MANAGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND THE ARRANGERS AND THE LEAD MANAGERS HAVE NOT SEPARATELY VERIFIED SUCH INFORMATION. NONE OF THE ARRANGERS OR THE LEAD MANAGERS MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR FOR ANY OTHER STATEMENT, MADE OR PURPORTED TO BE MADE BY THE ARRANGERS OR LEAD MANAGERS OR ON THEIR BEHALF IN CONNECTION WITH THE ISSUER, THE SELLER, OR THE ISSUE AND OFFERING OF THE NOTES. EACH OF THE ARRANGERS AND THE LEAD MANAGERS ACCORDINGLY DISCLAIMS ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE WHICH IT MIGHT HAVE IN RESPECT OF THIS PROSPECTUS OR ANY SUCH STATEMENT.

NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT

TO THE DATE OF THIS PROSPECTUS. NEITHER THE ISSUER NOR ANY OTHER PARTY HAS ANY OBLIGATION TO UPDATE THIS PROSPECTUS, AFTER COMPLETION OF THE OFFER OF THE NOTES.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES. THIS PROSPECTUS SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISORS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE LEAD MANAGERS, THE SELLER OR THE ARRANGERS OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING, SALE AND DELIVERY OF THE NOTES MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY NOTES COMES MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS, SALES AND DELIVERIES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS AND OTHER OFFERING MATERIAL RELATING TO THE NOTES. SEE SECTION 4.3 (*SUBSCRIPTION AND SALE*).

THE LEAD MANAGERS, THE ARRANGERS AND THE SELLER EXPRESSLY DO NOT UNDERTAKE TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER DURING THE LIFE OF THE NOTES. INVESTORS SHOULD REVIEW THE MOST RECENT FINANCIAL STATEMENTS FOR THE ISSUER WHEN DECIDING WHETHER OR NOT TO PURCHASE ANY NOTES.

FORECASTS AND ESTIMATES IN THIS PROSPECTUS ARE FORWARD LOOKING STATEMENTS. SUCH PROJECTIONS ARE SPECULATIVE IN NATURE AND IT CAN BE EXPECTED THAT SOME OR ALL OF THE ASSUMPTIONS UNDERLYING THE PROJECTIONS WILL NOT PROVE TO BE CORRECT OR WILL VARY FROM ACTUAL RESULTS. CONSEQUENTLY, THE ACTUAL RESULT MIGHT DIFFER FROM THE PROJECTIONS AND SUCH DIFFERENCES MIGHT BE SIGNIFICANT.

## CONTENTS

	<b>Page</b>
1. TRANSACTION OVERVIEW.....	8
1.1 STRUCTURE DIAGRAM.....	9
1.2 RISK FACTORS .....	10
1.3 PRINCIPAL PARTIES .....	11
1.4 NOTES .....	13
1.5 CREDIT STRUCTURE .....	17
1.6 PORTFOLIO INFORMATION .....	18
1.7 PORTFOLIO DOCUMENTATION .....	20
1.8 GENERAL .....	23
1.9 OVERVIEW OF CREDIT RATING TRIGGERS .....	24
2. RISK FACTORS.....	27
2.1 THE NOTES .....	27
2.2 SECURITY.....	41
2.3 COMMINGLING RISK.....	43
2.4 HEDGING.....	44
2.5 MORTGAGE RECEIVABLES AND MORTGAGED ASSETS .....	46
2.6 SERVICING.....	62
2.7 GENERAL .....	63
3. PRINCIPAL PARTIES .....	64
3.1 ISSUER .....	64
3.2 SHAREHOLDER.....	67
3.3 SECURITY TRUSTEE .....	68
3.4 SELLER / ORIGINATOR.....	70
3.5 SERVICER.....	75
3.6 ADMINISTRATOR .....	76
3.7 OTHER PARTIES.....	77
4. THE NOTES .....	78
4.1 TERMS AND CONDITIONS OF THE NOTES .....	78
4.2 FORM.....	95
4.3 SUBSCRIPTION AND SALE .....	97
4.4 REGULATORY & INDUSTRY COMPLIANCE.....	99
4.5 USE OF PROCEEDS .....	101
4.6 TAXATION IN THE NETHERLANDS.....	102
4.7 SECURITY.....	105
5. CREDIT STRUCTURE .....	106
5.1 AVAILABLE FUNDS .....	106
5.2 PRIORITY OF PAYMENTS .....	108
5.3 LOSS ALLOCATION.....	110
5.4 HEDGING.....	111
5.5 LIQUIDITY SUPPORT .....	114
5.6 TRANSACTION ACCOUNTS.....	115
5.7 ADMINISTRATION AGREEMENT .....	119
6. PORTFOLIO INFORMATION .....	121
6.1 STRATIFICATION TABLES.....	121

6.2 DESCRIPTION OF MORTGAGE LOANS .....	135
6.3 ORIGINATION AND SERVICING BY ORIGINATOR.....	138
6.4 DUTCH RESIDENTIAL MORTGAGE MARKET .....	144
6.5 NHG GUARANTEE PROGRAMME .....	148
7. PORTFOLIO DOCUMENTATION .....	153
7.1 PURCHASE, REPURCHASE AND SALE.....	153
7.2 REPRESENTATIONS AND WARRANTIES .....	159
7.3 ELIGIBILITY CRITERIA .....	160
7.4 PORTFOLIO CONDITIONS.....	166
7.5 SERVICING AGREEMENT .....	167
7.6 SUB-PARTICIPATION.....	169
8. GENERAL .....	171
SCHEDULE 1 GLOSSARY OF DEFINED TERMS .....	174
1. DEFINITIONS .....	174
2. INTERPRETATION .....	195
REGISTERED OFFICES.....	197

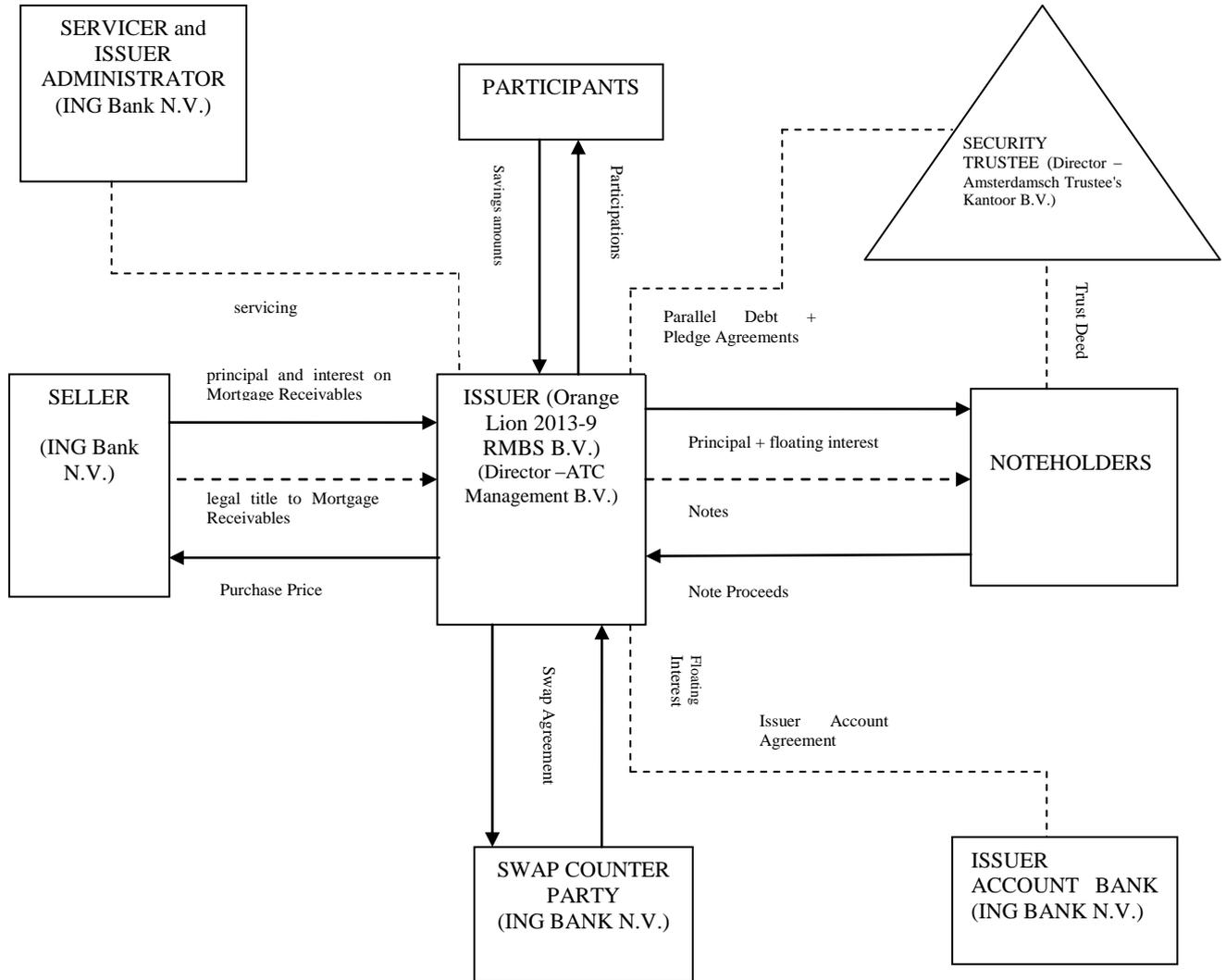
## **1. TRANSACTION OVERVIEW**

*The following is a summary of the principal features of the transaction described in this Prospectus, including the issue of the Notes. The information in this section does not purport to be complete. This summary should be read as an introduction to, and in conjunction with, the detailed information appearing elsewhere in this Prospectus. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus and the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes. If a claim relating to the information contained in this Prospectus is brought before a competent court, the plaintiff investor will, subject to the legal requirement of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability with respect to this summary will only attach to the Issuer if this summary is misleading, incorrect or inconsistent when read in such manner as indicated above.*

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) set out in this Prospectus.*

*The principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) in this Prospectus shall apply to this Prospectus.*

1.1 STRUCTURE DIAGRAM



## 1.2 RISK FACTORS

There are certain risk factors which prospective noteholders should take into account and which could affect the ability of the Issuer to fulfil its obligations under the Notes. These risk factors relate to, among other things, the Notes. One of these risk factors relates to the fact that the obligations of the Issuer under the Notes are limited recourse obligations, whereby the Issuer has limited resources to meet such obligations (in particular receipt by it of funds under the Mortgage Receivables). Despite certain structural mitigants in respect of these risks, there remains, among other things, credit risk, liquidity risk, prepayment risk, maturity risk and interest-rate risk relating to the Notes. Moreover, there are structural and legal risks relating to the Mortgage Receivables and Mortgaged Assets (see section 2 (*Risk Factors*)).

### 1.3 PRINCIPAL PARTIES

*The parties set out below may be replaced from time to time.*

<b>Issuer</b>	Orange Lion 2013-9 RMBS, incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 57194769. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Seller</b>	ING Bank N.V. (" <b>ING</b> "), incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ) and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33031431.
<b>Issuer Administrator</b>	ING.
<b>Servicer</b>	ING.
<b>Security Trustee</b>	Stichting Trustee Orange Lion 2013-9 RMBS, established under Dutch law as a foundation ( <i>stichting</i> ), and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 57187274.
<b>Shareholder</b>	Stichting Holding Orange Lion 2013-9 RMBS, established under Dutch law as a foundation ( <i>stichting</i> ), and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 57186375.
<b>Participants</b>	ING in relation to Bank Savings Mortgage Receivables;  Algemene Levenshervzekering Maatschappij N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33075446, in relation to certain Savings Mortgage Receivables; and  Nationale-Nederlanden Levensverzekering Maatschappij N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), and registered with the Chamber of Commerce in Rotterdam, The Netherlands under number 2404221, in relation to Savings Mortgage Receivables and Hybrid Mortgage Receivables.
<b>Directors</b>	ATC Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each of the Directors is incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). ATC Management B.V. is registered with the Chamber of Commerce of Amsterdam under number 33226415. Amsterdamsch Trustee's Kantoor B.V. is registered with the Chamber of Commerce of Amsterdam under number 33001955.
<b>Swap Counterparty</b>	ING.
<b>Issuer Account Bank</b>	ING.
<b>Paying Agent</b>	ING.
<b>Arrangers</b>	ING and J.P. Morgan Securities plc (" <b>J.P. Morgan</b> ").
<b>Lead Managers</b>	ING and J.P. Morgan.

**Listing Agent**

ING.

**Credit Rating Agencies**

Fitch Ratings Limited and Moody's Investors Service Limited.

Each Credit Rating Agency is established in the European Union and registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

#### 1.4 NOTES

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>
<b>Principal Amount Outstanding at Closing Date</b>	EUR 1,365,000,000	EUR 64,970,000	EUR 42,900,000
<b>Issue Price</b>	100%	100%	100%
<b>Expected Rating (Fitch/Moody's)</b>	AAAsf/Aaa(sf)	Not rated	Not rated
<b>Issue Date</b>	7 March 2013		
<b>Listing</b>	Euronext Amsterdam	Not listed	Not listed
<b>Clearing</b>	Euroclear Netherlands.		
<b>Denomination</b>	EUR 100,000 and integral multiples of EUR 1,000 thereafter.		
<b>Form</b>	Bearer form and in case of Definitive Notes serially numbered with coupons and talons attached.		
<b>Status and ranking</b>	<p><i>Pari passu</i> and <i>pro rata</i> without any preference or priority among Notes of the same Class in respect of the Security proceeds and payments of principal and, if applicable, interest.</p> <p>All payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes and the Class C Notes. Principal amounts due under the Class C Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments. See section 4.1 (<i>Terms and Conditions of the Notes</i>).</p>		
<b>Floating rate of interest</b>	The Class A Notes will accrue interest at an annual rate of Euribor for three months deposits in euros (determined in accordance with Condition 7 ( <i>Interest</i> ) plus the Relevant Margin), or in respect of the first Interest Period 1.074 per cent. per annum.	N/A	N/A
<b>Relevant Margin up to but excluding First Optional Redemption Date</b>	0.85 per cent. per annum	N/A	N/A
<b>Relevant Margin on the Notes after First Optional Redemption Date if the Notes of any Class have not been redeemed in full</b>	1.70 per cent. per annum	N/A	N/A
<b>Interest Periods and accrual</b>	Each Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in June 2013.		

The interest will be calculated on the basis of the actual days elapsed in an Interest Period divided by a year of 360 days.

**Notes Payment Dates** Quarterly in arrears on the 25<sup>th</sup> day of March, June, September and December, subject to adjustment for non-business days. See Condition 7 (*Interest*).

**Final Maturity Date** The Notes Payment Date falling in March 2051, unless previously purchased and cancelled or redeemed in full. Redemption of the Notes is to take place at their respective Notional Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 8.1 (*Final Redemption*). Any difference at such time between the Notional Principal Amount Outstanding and the Principal Amount Outstanding of such Note will not be due or payable and will be fully and finally written-off.

**First Optional Redemption Date** The Notes Payment Date falling in March 2019.

**Optional redemption** On each Optional Redemption Date the Issuer has the option, in accordance with Condition 8.7 (*Optional Redemption – Prepayment Call*), to redeem all (not some only) of the Notes (other than the Class C Notes) at their respective Notional Principal Amount Outstanding on such date, subject to and in accordance with the Conditions.

**Mandatory redemption** The Issuer will apply the Available Principal Funds, subject to possible application thereof towards payment of the Initial Purchase Price for Further Advance Receivables, to redeem (either in whole or in part) the Notes (other than the Class C Notes) provided that no Enforcement Notice has been given, in an amount equal to the respective Note Principal Payment sequentially in the following order:

*first*, the Class A Notes (either in whole or in part), until fully redeemed, and  
*second*, the Class B Notes (either in whole or in part), until fully redeemed.

Principal amounts due under the Class C Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments.

**Other redemption in full events** Redemption following exercise by the Seller of the Clean-up Call Option. See Condition 8.6 (*Redemption – Clean-Up Call Option*).

Redemption for tax reasons. See Condition 8.8 (*Optional Redemption – Tax Call*).

**Observations regarding Class A Notes** To the extent that the Available Principal Funds or the Available Revenue Funds are insufficient to redeem the Class A Notes in full or pay interest when due in accordance with the Conditions for a period of 7 (in the case of principal) or 14 (in the case of interest) calendar days or more, this will constitute an Event of Default in accordance with Condition 12.1 (*Event of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes.

**Events of Default** As fully set out in Condition 12 (*Events of Default*), which broadly include:

- default by the Issuer in the payment of any amount due and payable in respect of the Notes of the relevant Class;
- breach of contractual obligations by the Issuer under the Transaction Documents, if applicable, subject to a grace period of 30 calendar

days;

- insolvency of the Issuer; and
- unlawfulness for the Issuer to perform its obligations under or in respect of a relevant Transaction Document.

**Security for the Notes, limited recourse and non-petition**

The Notes are limited recourse obligations of the Issuer. See Condition 9 (*Limited Recourse*).

The Notes will be (indirectly) secured, through the Security Trustee, by a first ranking right of pledge granted by the Issuer to the Security Trustee over (i) the Mortgage Receivables (including any Related Security), (ii) the Issuer's rights under or in connection with the Transaction Documents and (iii) the Issuer's rights in respect of the Issuer Transaction Accounts.

The Noteholders and the other Secured Creditors may, in principle, not institute, among other things, any proceeding or action or insolvency proceedings against the Issuer. See Condition 14 (*No action by Noteholders, Couponholders or any other Secured Creditor*).

In the Trust Deed, the Issuer will, by way of parallel debt, undertake to pay to the Security Trustee an amount equal to the aggregate amount, from time to time due by it to Noteholders and the other Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

**Method of payment**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro through Euroclear Netherlands, for the credit of the respective accounts of the Noteholders. See section 4.2 (*Form*).

**Taxation**

If any deduction or withholding on account of Tax is required to be made by the Issuer in respect of any payment in respect of the Notes, Coupons or Talons, neither the Issuer, the Security Trustee nor the Paying Agent will be required to make any additional payments to the holders of such Notes, Coupons or Talons in respect of such deduction or withholding on account of Tax.

Notwithstanding any other provision in the Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

**Selling restrictions**

There are selling restrictions in relation to the United States, the United Kingdom, the European Economic Area, Japan and such other restrictions as may apply in connection with the offering and sale of the Notes. See section 4.3 (*Subscription and Sale*).

**Use of proceeds of the Notes**

The Issuer will use part of the net proceeds from the issue of the Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables to be purchased on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.

Part of the net proceeds from the issue of the Notes will be credited to the

Reserve Account, while an amount of EUR 36,255,577.56 will be received by the Issuer as consideration for the Initial Insurance Savings Participations and Initial Bank Savings Participation.

In addition, an amount of EUR 23,915,804.81 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits.

**Retention and disclosure requirements under the CRD**

The Seller shall at all times comply with Article 122a of the CRD. See section 4.4 (*Regulatory and Industry Compliance*).

**Governing law**

The Notes and any non-contractual obligations arising out of, or in connection with the Notes, will be governed by and construed in accordance with Dutch law.

## 1.5 CREDIT STRUCTURE

### Available Funds

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Swap Agreement and in respect of the Issuer Transaction Accounts, to make payments of, among other things, principal and interest due in respect of the Notes.

### Priorities of Payments

The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see section 5 (*Credit Structure*)) and the right to payment of principal on the Class B Notes and the Class C Notes will be subordinated to the Class A Notes and limited as more fully described herein under section 4.1 (*Terms and Conditions of the Notes*) and section 5 (*Credit Structure*).

### Loss Allocation

To mitigate the risk that funds might otherwise be applied, the Issuer (or Issuer Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses are administered. To the extent any amount is debited to the Principal Deficiency Ledger, (i) such debit entries in the Principal Deficiency Ledger are required to be made up before lower ranking items in the Revenue Priority of Payments are paid and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a class of Notes.

The Issuer will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to any Realised Loss up to the Principal Amount Outstanding of the Notes (so as to give rise to a negative amount in the relevant sub-ledger). The Issuer will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:

- (i) (a) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of sub-paragraphs (a) up to and including (d) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency and (b) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of sub-paragraphs (a) up to and including (f) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency, which amounts are added to the Available Principal Funds on such Notes Payment Date; and
- (ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant class of Notes, an amount equal to the relevant excess.

### Administration Agreement

Under the Administration Agreement the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer to arrange for payments due to be made by the Issuer under any of the Transaction Documents.

See section 5.7 (*Administration Agreement*).

### Hedging

Interest on the Mortgage Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, whilst interest on the Class A Notes is calculated on the basis of the Reference Rate set on the relevant Notes Calculation Date plus the Relevant Margin. Therefore the Issuer is exposed to a potential mismatch between the interest received on the Mortgage Loans and the interest due on the Class A Notes. In order to reduce the risk of such mismatch, the

Issuer will enter into the Swap Transaction on or about the Closing Date with the Swap Counterparty. The Swap Transaction will be documented under a confirmation which is subject to the Swap Agreement. The Swap Agreement is governed by English law.

**Issuer Collection Account** The Issuer shall maintain with the Issuer Account Bank an Issuer Collection Account into which are paid, among other things, all amounts received by the Issuer in respect of the Mortgage Receivables and the relevant Transaction Documents.

**Ledgers** The Issuer (or the Issuer Administrator on its behalf) will maintain and administer the Issuer Collection Account with the following Ledgers: the Income Ledger, the Redemption Ledger, the Swap Replacement Ledger, the Participation Ledger and the Deposit Ledger. The Issuer (or the Issuer Administrator on its behalf) will maintain and administer the Principal Deficiency Ledger.

**Reserve Account** The Issuer will maintain with the Issuer Account Bank the Reserve Account, to which the net proceeds of the Class C Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) to (e) (inclusive) in the Revenue Priority of Payments in the event that the Available Revenue Funds are not sufficient to meet such payment obligations on a Notes Payment Date. If and to the extent that the Available Revenue Funds on any Notes Payment Date exceed the aggregate amounts payable under items (a) to (e) (inclusive) in the Revenue Priority of Payments, the (relevant part of the) remaining Available Revenue Funds will be used to deposit in or, as the case may be, to replenish the Reserve Account by debiting the Issuer Collection Account and crediting such amount to the Reserve Account up to the Reserve Account Target Level.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Payment Date exceeds the Reserve Account Target Level, such excess shall be drawn from the Reserve Account on such Notes Payment Date and shall form part of the Available Revenue Funds on that Notes Payment Date.

On the Notes Payment Date on which all amounts of principal due in respect of the Notes, other than the Class C Notes, have been or will be paid, any amount remaining to be standing to the credit of the Reserve Account will on such date form part of the Available Revenue Funds and will be applied by the Issuer in or towards satisfaction of all items in the Revenue Priority of Payments in accordance with the priority set out therein.

**Other Issuer Accounts** In addition to the Issuer Collection Account and the Reserve Account the Issuer shall also maintain with the Issuer Account Bank a Swap Collateral Account and a Construction Deposit Account.

Under the Issuer Account Agreement, the Issuer Account Bank will open and maintain the Issuer Accounts in the name of the Issuer. The Issuer Account Bank will also provide to the Issuer certain account management and cash handling services in respect of the Issuer Accounts. The Issuer Account Bank shall pay a certain guaranteed rate of interest on all funds standing to the credit of the Issuer Transaction Accounts.

## 1.6 PORTFOLIO INFORMATION

**Mortgage Receivables** The Mortgage Receivables will result from Mortgage Loans secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights, over the Mortgaged Assets and entered into by the Seller

with the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date.

The Mortgage Loan to which a Mortgage Receivable relates is either an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, an Investment Mortgage Loan, a Life Mortgage Loan, a Savings Mortgage Loan, a Hybrid Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, or any combination of the foregoing.

**NHG Guarantee and Municipality Guarantee**

Some Mortgage Loans are NHG Mortgage Loans or have the benefit of a Municipality Guarantee. As a result of the assignment and pledge of the relevant Mortgage Receivables, the Issuer and the Security Trustee, respectively, will have the benefit of the rights of the Seller under each NHG Guarantee or Municipality Guarantee in relation to the relevant Mortgage Receivable.

See section 6.2 (*Description of Mortgage Loans*) and 6.5 (*NHG Guarantee Programme*).

**Beneficiary Rights**

The Seller has the benefit of the Beneficiary Rights, which entitle the Seller to receive the final payout (*einduitkering*) under the relevant Insurance Policies, which payment is to be applied towards redemption of the relevant Mortgage Receivables. Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will assign, to the extent legally possible and required, such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

## 1.7 PORTFOLIO DOCUMENTATION

### **Purchase by Issuer**

Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Initial Portfolio on the Closing Date and may from time to time purchase Further Advance Receivables (including any Related Security) if offered to it by the Seller and on the condition that such purchase does not result in a breach of the Additional Purchase Conditions.

The Purchase Price for each Mortgage Receivable (including any Related Security) consists of an Initial Purchase Price and a Deferred Purchase Price. The Issuer will fund the Initial Purchase Price relating to the Initial Portfolio from (a) the Notes proceeds (other than the Class C Notes) and/or (b) Initial Settlement Amounts to be received from the Participants. The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

If (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of all Mortgage Receivables resulting from the Mortgage Loan in respect of which a Further Advance is granted.

### **Repurchase of Mortgage Receivables**

Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable on the Mortgage Collection Payment Date immediately following any of the following events:

- (i) a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto if such matter is capable of being remedied or (B) such matter is not capable of being remedied; or
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Mortgage Loan is extended beyond its initial maturity date or (ii) the related Mortgage Receivable would not qualify as an Eligible Receivable, if tested against the Eligibility Criteria at such time; or
- (iii) a Mortgage Receivable no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Issuer Administrator or the Servicer and, as a consequence thereof, such Mortgage Receivable no longer qualifies as an Eligible Receivable, as tested against the Eligibility Criteria at such time; or
- (iv) in relation to a Hybrid Mortgage Loan a Borrower switches all or part of the invested capital premiums from savings into an investment; or
- (v) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment

Date immediately preceding the First Optional Redemption Date.

The repurchase price will be calculated as described in limb (i) in *Sale of Mortgage Receivables on an Optional Redemption Date* below.

**Sale of Mortgage  
Receivables on an  
Optional Redemption  
Date**

The Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to the Seller or a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes (see Condition 8.7 (*Optional Redemption – Prepayment Call*)).

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that the Issuer has provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem the Notes other than the Class C Notes pursuant to Condition 8.7 (*Optional Redemption – Prepayment Call*) and meet its payment obligations of a higher priority under the Revenue Priority of Payments and the Redemption Priority of Payments.

The purchase price of the Mortgage Receivables is an amount equal to the higher of:

- (i)
  - (a) in respect of a Mortgage Receivable that has Arrears of Interest for a period exceeding 60 calendar days or with respect to which an instruction has been given to the civil law notary to sell the related Mortgaged Asset publicly, the lesser of: (x) the sum of the Gross Outstanding Principal Balance, Accrued Interest, Arrears of Interest and any other amount due in respect of the relevant Mortgage Receivable and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment; and (b) the sum of (i) all of an amount equal to the Indexed Foreclosure Value of the related Mortgaged Asset, (ii) the value of other collateral including the amount claimable under any Municipality Guarantee or any NHG Guarantee and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment, all as at the relevant Cut-Off Date; or
  - (b) in respect of any other Mortgage Receivable, the Gross Outstanding Principal Balance together with any Accrued Interest and Arrears of Interest; and
- (ii) the amount that is required to (A) redeem all relevant Notes at their Notional Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations of a higher priority than the Notes under the Revenue Priority of Payments and the Redemption Priority of Payments.

**Sale of Mortgage  
Receivables if the Clean-  
Up Call Option is  
exercised**

If on any Mortgage Calculation Date, the aggregate Gross Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Amount of the Mortgage Receivables comprising the Initial Portfolio on the Cut-Off Date, the Seller has the option to exercise on the first following Notes Payment Date the Clean-Up Call Option. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The Issuer must redeem all (but not some only) of

the Notes (other than the Class C Notes) on the first Notes Payment Date following the Notes Payment Date on which the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (other than the Class C Notes) in accordance with Condition 8.6 (*Redemption – Clean-Up Call Option*) and subject to meeting its payment obligations of a higher priority under the Revenue Priority of Payments and the Redemption Priority of Payments.

**Sale of Mortgage  
Receivables for tax  
reasons**

If the Issuer exercises its option to redeem the Notes on a Notes Payment Date for tax reasons in accordance with Condition 8.8 (*Optional Redemption – Tax Call*), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 8.8 (*Optional Redemption – Tax Call*) and subject to meeting its payment obligations of a higher priority under the Revenue Priority of Payments and the Redemption Priority of Payments.

**Right of first refusal to  
Seller**

If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days from the offer inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period, the Issuer may offer such Mortgage Receivables for sale to any third party.

**Servicing Agreement**

Under the Servicing Agreement the Servicer will agree to (a) administer the relevant Mortgage Receivables in accordance with the Seller's servicing and administration manuals and (b) use all reasonable endeavours to collect all payments due under or in connection with the Mortgage Receivables and to enforce all covenants and obligations of each Borrower in accordance with the standard enforcement and collection procedures of the Servicer from time to time and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests, would undertake.

See section 6.3 (*Origination and Servicing by Originator*) and section 7.5 (*Servicing Agreement*).

**Participation Agreements**

Under each Participation Agreement, the Issuer grants the relevant Participant a Participation in each relevant Savings Mortgage Receivable, Hybrid Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, in return for the payment by the relevant Participant of the relevant Initial Settlement Amount and Further Settlement Amounts.

In return, the relevant Participant will be entitled to receive from the Issuer the relevant Participation Redemption Available Amount.

## 1.8 GENERAL

### **Management Agreements**

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

## 1.9 OVERVIEW OF CREDIT RATING TRIGGERS

<u>Transaction Party</u>	<u>Required Credit Ratings</u>	<u>Contractual requirements on occurrence of breach of credit ratings trigger include the following:</u>
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### Seller

<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" (short-term) and "A" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "P-1" (short-term)</li> </ul>	<p>The consequences of breach are that:</p> <ol style="list-style-type: none"> <li>i. the Seller could be obliged to open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months; and</li> <li>ii. the Seller could be obliged to deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than in relation to Bank Savings Mortgage Receivables) it holds for all Borrowers in relation to any Mortgage Receivables.</li> </ol>
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<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" (short-term)</li> <li>• "BBB+" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "A3"(long-term)</li> </ul>	<p>The consequences of breach are that the Seller could be obliged to pledge to the Issuer its Other Claims vis-à-vis the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable, Fixed Security Rights).</p>
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<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" (short-term)</li> <li>• "BBB+" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "Baa1" (long-term)</li> </ul>	<p>The consequences of breach are that:</p> <ol style="list-style-type: none"> <li>i. solely in respect of a breach of the long-term credit ratings, the Issuer (or the Security Trustee) is authorised to notify (i) the Borrowers and the Insurance Companies (other than the Savings Insurance Companies) of the assignment of the Mortgage Receivables; and</li> <li>ii. the Seller could be obliged to procure the entering into a beneficiary waiver agreement with each Insurance Company (other than the Savings Insurance Companies) on terms similar to a Beneficiary Waiver Agreement.</li> </ol>
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### Servicer

<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "BBB" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "Baa3" (long-term)</li> </ul>	<p>The consequences of such breach are that the Servicer could be obliged to use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a replacement servicer in such form as the Security Trustee shall reasonably require.</p>
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<b>Swap Counterparty</b>	<u>First trigger credit ratings</u>	The consequences of such breach are that the Swap Counterparty could be obliged to:
	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" (short-term) and "A" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "Prime-1" (short-term) and "A2" (long-term); or</li> <li>• if such entity does not have a short term rating by Moody's, "A1" (long-term)</li> </ul>	<ul style="list-style-type: none"> <li>i. provide collateral for its obligations under the Swap Agreement;</li> <li>ii. arrange for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating;</li> <li>iii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement; or</li> <li>iv. take such other action that would result in Fitch and Moody's continuing the then current ratings of the Notes.</li> </ul>
	<u>First subsequent Fitch credit rating event</u>	The consequences of breaching the first subsequent Fitch credit rating event are that the Swap Counterparty could be obliged to:
	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F2"(short-term) and "BBB+" (long-term)</li> </ul>	<ul style="list-style-type: none"> <li>i. provide collateral for its obligations under the Swap Agreement;</li> <li>ii. arrange for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating; or</li> <li>iii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement.</li> </ul>
	<u>Second trigger credit ratings</u>	The consequences of such breach are that the Swap Counterparty could be obliged to:
	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F3" (short-term) and "BBB-" (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• "Prime-2" (short-term) and "A3" (long-term)</li> </ul>	<ul style="list-style-type: none"> <li>i. arrange for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating;</li> <li>ii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement; or</li> <li>iii. take such other action that would result in Fitch and Moody's continuing the then current ratings of the Notes.</li> </ul>
<b>Issuer Account Bank</b>	In respect of Fitch:	The consequences of such breach are that the Issuer Account Bank could be obliged to terminate the Issuer Account Agreement.
	<ul style="list-style-type: none"> <li>• "F1" (short-term) and</li> </ul>	

"A" (long-term)

In respect of Moody's:

- "P-1" (short-term)

## 2. RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material and the Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### 2.1 THE NOTES

#### **Introduction**

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes.

#### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices, securities, assets and/or financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## **Subordination**

The Classes of Notes, other than the Class A Notes, are subordinated, meaning that holders of any Class of Notes with a lower payment priority bear a greater risk than any Class of Notes with a higher payment priority than such Class of Notes. To the extent set forth in Condition 4 (*Ranking*), payments on any Class of Notes are subordinated to payments of higher ranking Classes of Notes as more fully described herein under sections 4.1 (*Terms and Conditions of the Notes*) and 5 (*Credit Structure*). There is no assurance that these subordination arrangements will protect the holders of the Class A Notes from any or all risks of loss.

The obligations of the Issuer in respect of the Class A Notes will rank in seniority and security *pari passu* among themselves and as to payment of interest and principal, behind the obligations of the Issuer in respect of certain items set out in the relevant Priority of Payments. The Class A Notes will at all times without preference or priority rank *pari passu* among themselves. To the extent that the Available Principal Funds are insufficient to redeem the Class A Notes in full when due in accordance with the Conditions for a period of 7 (in the case of principal) and 14 (in the case of interest) calendar days or more, this will constitute an Event of Default in accordance with Condition 12 (*Events of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes.

## **The Issuer has limited sources of funds to meet its obligations and its obligations are limited recourse obligations**

The Issuer's ability to meet its obligations under the Notes will depend on the realisable value of the Mortgage Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Mortgage Receivables) and the amount of principal and interest (or other revenue) proceeds generated by the Mortgage Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Mortgage Receivables) and timely receipt thereof. In addition the Issuer's ability to meet its obligation under the Notes will depend on amounts received from the Swap Counterparty, the Participants and the Issuer Account Bank, amounts standing to the credit of the Reserve Account, amounts received from the Seller pursuant to a repurchase and re-assignment of Mortgage Receivables under the Mortgage Receivables Purchase Agreement and the receipt by the Issuer of interest in respect of the balances standing to the credit of the relevant Issuer Accounts and, in each case, timely receipt thereof.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. All obligations of the Issuer to the Noteholders are limited in recourse as set out in the Conditions, which include a limitation to the effect that Noteholders will have a claim (*verhaalsrecht*) in respect of the Issuer's assets (including the Mortgage Receivables, the Issuer Account Rights and the Issuer Rights) subject to the Security only. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest or repay principal in whole or in part in respect of any class of Notes on the due date therefor. If an Enforcement Notice has been delivered and the Security is enforced, the Issuer's assets subject to the Security may not be sufficient to meet the claims of all the Secured Creditors, including the Noteholders. In such case, the Noteholders will have no further claims against the Issuer or the Security Trustee in respect of outstanding amounts under the Notes. In addition, the Noteholders and the other Secured Creditors are subjected to non-petition provisions.

There is a risk that the Issuer applies funds to make payments even though it may be expected that there will be insufficient funds to redeem the Notes in full. To mitigate this risk in respect of funds that might otherwise be applied, for example, to pay principal on the Class B Notes, the Issuer (or Issuer Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses are administered. To the extent any amount is debited to the Principal Deficiency Ledger, (i) such debit entries in the Principal Deficiency Ledger are required to be made up before lower ranking items in the Revenue Priority of Payments are paid and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a class of Notes.

## **Counterparty risk exposure**

The ability of the Issuer to make payments under the Notes is subject to general credit risks, including credit risk on borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations owed to the Issuer. These parties include borrowers under loans, trading

counterparties, counterparties under swaps and credit and other derivative contracts, agents and (other) financial intermediaries, including the Seller, the Swap Counterparty, the Issuer Account Bank and the Participants. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. If any of the counterparties of the Issuer does not perform its obligations owed to the Issuer this may result in the Issuer not being able to meet its obligations under the Notes. In addition, the Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear Netherlands or its participants of their obligations under their respective rules, operating procedures and calculation methods.

### **Reliance of the Issuer on third parties**

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, the Servicer has been appointed to, among other things, service the Mortgage Receivables and the Issuer Administrator has been appointed to provide administration services. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the value of the Mortgage Receivables or any part thereof may be affected, or, if the Security were to be enforced (and, for example, the Mortgage Receivables or any part thereof cannot be sold), the ability of the Issuer to make payments may be affected. For instance, if the Servicer has failed to adequately administer the Mortgage Receivables, this may lead to higher incidences of non payment or default by Borrowers, which would affect the value of the Mortgage Asset to which the Security Trustee (acting as creditor of the Parallel Debt for the benefit of the Secured Creditors, including the Noteholders) has recourse. The Issuer is also reliant on the Swap Counterparty to provide it with the funds matching its payment obligations in respect of interest due and payable under the Class A Notes.

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

On 13 June 2012 the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*; the "SMFI") came into force, with retroactive application as from 20 January 2012, giving DNB and the Dutch Minister of Finance additional powers to deal with ailing financial institutions. On 6 June 2012, the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing credit institutions and investment firms (the "**Crisis Management Directive**") which contains a number of legislative proposals similar to the SMFI. Pursuant to the SMFI, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to take certain measures in respect of struggling Dutch financial institutions prior to or in insolvency. These powers will allow them to take measures in respect of such a financial institution which may result in: (i) the transfer of all or part of the business (including, in the case of a bank, deposits) of the bank or insurance company to a private sector purchaser, (ii) the transfer of all or part of the business of the bank or insurance company to a "bridge entity", (iii) the transfer of shares in the bank or insurance company to a private sector purchaser or a "bridge entity", (iv) immediate interventions by the Dutch Minister of Finance with regard to the financial institution, and (v) public ownership (nationalisation) of all or part of the business of the financial institution or of all or part of the shares or other securities issued by that financial institution.

The SMFI also contains provisions prohibiting counterparties of banks and insurance companies from invoking or enforcing without the consent of DNB certain contractual rights (for example, contractual rights to terminate a contract or to demand payment, performance or security) if a counterparty attempts to invoke or enforce those contractual rights because of (contemplated or actual) action undertaken by DNB or the Dutch Minister of Finance under the SMFI or by authorities under similar foreign intervention laws. However, subject to applicable insolvency laws, the Issuer's right to invoke or enforce provisions of the relevant Transaction Documents against such contracting parties would not in principle be affected by the SMFI if the exercise of those rights by the Issuer is based on grounds other than the intervention by DNB or the Dutch Minister of Finance under the SMFI (for example, on the basis of a payment default or a credit ratings downgrade not related to or resulting from intervention pursuant to the SMFI).

Although the exercise of powers by DNB or the Dutch Minister of Finance under the SMFI could not affect the transfer to the Issuer of the legal title to the Mortgage Receivables by the Seller, there is a risk that if at any time any resolution powers would be used by DNB or, as applicable, the Dutch Minister of Finance or any other relevant authority in relation to a counterparty of the Issuer pursuant to the SMFI, the Crisis Management Directive (if and when adopted in its current form) or otherwise, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

### **The Notes are obligations solely of the Issuer**

The Notes will be solely the obligations of the Issuer. The Notes will not represent an obligation or be the responsibility of the Seller, the Arrangers, the Lead Managers, ING in its capacity as purchaser of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty, the Security Trustee or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

None of the Seller, the Arrangers, the Lead Managers, ING in its capacity as purchaser of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty or the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Swap Agreement by the Swap Counterparty).

### **Risk that the Issuer will not exercise its right to redeem the Notes on an Optional Redemption Date**

There can be no assurance that the Issuer will redeem the Notes on the First Optional Redemption Date or on any subsequent Optional Redemption Date pursuant to Condition 8 (*Final Redemption, Mandatory redemption in part, Optional Redemption, Purchase and Cancellation*) even though the interest margin in respect of the Class A Notes will increase as of the First Optional Redemption Date. The exercise of such right will, among other things, depend on the Issuer having sufficient funds available for example through a sale of Mortgage Receivables. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in section 7.1 (*Purchase, Repurchase and Sale*) below. However, there is no guarantee that such a sale of Mortgage Receivables at such or any other price will take place. If not, the Issuer may not be able to fully perform its obligations under the Notes thereafter.

### **Risk of early redemption as a result of Clean-Up Call Option or change in tax law**

Should the Seller exercise its Clean-Up Call Option on any Notes Payment Date, the Issuer will, on the first Notes Payment Date following such exercise, redeem all (but not some only) of the Notes other than the Class C Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes other than the Class C Notes in accordance with Condition 8.6 (*Redemption – Clean Up Call Option*) and subject to Condition 4 (*Ranking*) on such Notes Payment Date, whether falling before or after the First Optional Redemption Date. The Issuer will have the option to redeem all of the Notes if at any time the Issuer would be required to make any deduction or withholding on account of Tax or upon the occurrence of a change in tax law in accordance with Condition 8.8 (*Optional Redemption – Tax Call*). If the Issuer exercises any of such options, the Notes will be redeemed prior to the Final Maturity Date. On such an occasion Noteholders may not be able to find suitable alternative investments that offer the same or a better yield than the Notes.

### **Risk of early redemption as a result of the possibility for the Issuer to refinance its debt for a lower interest rate than offered on the Notes**

In the event that the Issuer has the possibility to refinance its debt for a lower interest rate than offered on the Class A Notes, the Issuer may decide to redeem the Notes other than the Class C Notes on the first possible occasion in accordance with Condition 8.7 (*Optional Redemption – Prepayment Call*). On such an occasion Noteholders may not be able to find suitable comparable alternative investments that offer the same or a better yield than the Notes.

### **Yield and prepayment risk**

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Mortgage Loans (including full and partial prepayments, foreclosure proceeds and repurchases by the Seller under the Mortgage Receivables Purchase Agreement due to breaches of representations and warranties) and the price paid by the Noteholders of each Class. The yield to maturity of the Notes of any Class may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility) and local and regional economic conditions. No certainty can be given as to the level of prepayment that the Mortgage Loans may experience. A variation in the level of prepayments by the Borrowers could result in an average life of the Notes which is shorter or longer than anticipated.

#### **Return on investment in Notes will be affected by charges incurred by investors**

An investor's total return on an investment in Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

#### **Certain decisions of Noteholders**

The Security Trustee may deliver an Enforcement Notice and institute enforcement proceedings at its discretion (as set out in more detail in Conditions 12 (*Events of Default*) and 13 (*Enforcement*)), and is bound to do so if so requested by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes. Such Extraordinary Resolution will be binding on all Noteholders and, where relevant, Secured Creditors, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### **Modifications without Noteholders' or other Secured Creditors' consent**

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers), concur with the Issuer and any other relevant parties in making:

- (i) any modification to the Conditions, the Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions, the Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers) concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the holders of the outstanding Class A Notes, or, if none, the holders of the outstanding Class B Notes or, if none, the holders of the outstanding Class C Notes will not be materially prejudiced by such waiver.

#### **Certain modifications, amendments, consents and waivers in respect of the Conditions and Transaction Documents may only be made with the Swap Counterparty's prior consent**

The Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if: (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement; (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured

Creditor; or (iii) if the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such amendment not been made unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it under (i) or (iii) above within 15 Business Days of written request by the Security Trustee.

Furthermore, the Swap Counterparty's written consent is required prior to the Security Trustee providing its written consent to a waiver of certain negative undertakings of the Issuer related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeem the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty fails to provide its written consent within 15 Business Days of written request by the Security Trustee. Therefore, the Swap Counterparty effectively can veto certain proposed modifications, amendments or consents or waivers in respect of the Conditions and the Transaction Documents.

### **Limitations of any Credit Rating Agency Confirmation**

The Security Trustee shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the Notes, the Trust Deed, the Security Documents or any of the other Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if a Credit Rating Agency Confirmation has been given in respect of such exercise.

Noteholders should be aware that, notwithstanding the above paragraph, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled in respect of any event to rely on a Credit Rating Agency Confirmation or confirmation that the then current rating of the relevant Notes would not thereby be adversely affected, it should be noted that this does not impose or extend any actual or contingent liability for the Credit Rating Agencies to the Security Trustee, the Noteholders or any other person or create any legal relations between the Credit Rating Agencies and the Security Trustee, the Noteholders or any other person whether by way of contract or otherwise.

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned an AAA(sf) credit rating from Fitch and an Aaa(sf) credit rating from Moody's. The Class B Notes and the Class C Notes will not be rated.

Any credit ratings assigned to the Class A Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Class A Notes and the ability of the Issuer to make payments under the Class A Notes (including but not limited to market conditions and funding related and operational risks inherent to the business of the Issuer). A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be reviewed, revised, suspended, lowered or withdrawn entirely by Fitch or Moody's, as the case may be, if, in its judgement, circumstances in the future so warrant.

In the event that a credit rating assigned to the Class A Notes is subsequently reviewed, revised, suspended, lowered or withdrawn entirely for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Class A Notes, and therefore the Issuer may be adversely affected, the market value of the Class A Notes is likely to be adversely affected and/or the ability of the Noteholders to sell Notes and/or the ability of the Issuer to make payments under the Class A Notes may be adversely affected.

The credit ratings assigned to the Class A Notes by Fitch reflects Fitch's assessment of the likelihood of full and timely payments to Noteholders of all payments of interest and principal in accordance with the terms and conditions of the Class A Notes. The credit ratings assigned by Moody's address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction.

### **Potential conflicts of interests**

The Trust Deed contains provisions requiring the Security Trustee, as regards all the powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Noteholders and the other Secured Creditors. If a conflict exists between the interests of the Noteholders and the interests of the other Secured Creditors, the Security Trustee is required to have regard solely to the interests of the Noteholders and no other Secured Creditor shall have any claim against the Security Trustee for so doing. Where, in the opinion of the Security Trustee there is a conflict between the interests of two or more Classes of Notes, the Security Trustee shall give priority to the interests of the holders of the Most Senior Class of Notes.

Any party to the Transaction Documents may engage in commercial relationships, in particular, be lenders, provide banking, investment banking and other financial services to the Borrowers and other relevant parties. In such relationships, such party is not obliged to take into consideration the interests of the Noteholders. Accordingly, conflicts of interests may arise.

The Servicer may hold and/or service claims against the Borrowers other than the Mortgage Receivables. The interests or obligations of the Servicer with regard to such other claims, may in certain aspects conflict with the interests of the Noteholders. In the Servicing Agreement, the Servicer has undertaken towards the Issuer that it will provide the Mortgage Loan Services in such manner and with the same level of skill, care and diligence as would a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests.

ATC Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interests could arise. In this respect, it is noted that each of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is, with regard to the exercise of its powers and rights as the sole director of the Issuer, the sole director of the Shareholder or the sole director of the Security Trustee, under the relevant Management Agreement bound by the restrictions set out in such Management Agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee (as the case may be) and the other parties involved in the transaction contemplated by the Transaction Documents.

### **Seller as Noteholder**

For so long as any Notes are held by the Seller, it will be entitled to all of the rights to which the holders of such Notes are entitled (including voting rights, in respect of amendments, waivers and consents in respect of any of the Notes and the Transaction Documents). The interests of the Seller, with respect to the holding of such Notes, may in certain circumstances be different from that of the Class A Noteholders to the extent there are any Class A Noteholders. So long as the Seller continues to hold any Notes, in the exercise of the rights to which it is entitled under the relevant Notes, it will be in its interests to minimise any adverse impact or potential adverse impact on itself and/or any of its affiliates. Such interests of the Seller may conflict with the interests of the Class A Noteholders.

### **Limited liquidity of the Notes and prevailing economic conditions**

Application has been made to NYSE Euronext in Amsterdam for the Class A Notes to be admitted to trading on its regulated market. However, the Notes will be new securities for which there is no established trading market. There can be no assurance that a secondary market for the Class A Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Class A Notes. A decrease in the liquidity of the Class A Notes may cause, in turn, an increase in the volatility associated with the price of such Notes. Any investor in the Class A Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for such Notes, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of the relevant Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict whether or when these circumstances

will change or whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

Noteholders should also be aware that the recent sovereign debt crisis in Europe may result in changes to the composition of the European Monetary Union and this may have an impact on the liquidity and the market value of the Notes.

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

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a number of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Issuer Administrator, the Arrangers, the Lead Managers, the Security Trustee or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of Article 122a of the CRD and any implementing rules in relation to a relevant jurisdiction, which applies in general to newly issued securitisations after 31 December 2010 and to notes issued under securitisations established on or before that date from the beginning of 2015 to the extent that new underlying exposures are added or substituted after 31 December 2014. Article 122a of the CRD restricts an EU-regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU-regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5%. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a of the CRD. Article 122a of the CRD also requires an EU-regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, the securitisation notes it has acquired and the underlying exposures and that procedures are established for such due diligence activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a of the CRD will result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor.

Article 122a of the CRD applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 122a of the CRD (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation as contemplated by Article 122a of the CRD and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Seller or the Issuer Administrator on the Issuer's behalf) in relation to the due diligence requirements under Article 122a of the CRD, see section 4.4 (*Regulatory & Industry Compliance*). Relevant investors are required independently to assess and determine the sufficiency of the information described in this Prospectus, in any investor report and otherwise for the purposes of complying with Article 122a of the CRD (and any corresponding implementing rules of their regulator and none of the Issuer, the Issuer Administrator, the Arrangers, the Lead Managers, the Security Trustee or the Seller makes any representation that the information described above is sufficient in all circumstances for such purposes.

Considerable uncertainty remains with respect to Article 122a of the CRD and its implementation in European Economic Area states and it is not clear what will be required to demonstrate compliance to national regulators. It should be noted that European Economic Area states may implement Article 122a of the CRD (and related provisions) differently. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Article 122a of the CRD should seek guidance from their regulator. Similar requirements to those set out in Article 122a of the CRD are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

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

In addition, article 135 of the Solvency II Framework Directive requires the adoption by the European Commission of implementing measures laying down the requirements that will need to be met by originators of asset-backed securities in order for insurance and reinsurance companies located within the EU to be allowed to invest in such instruments following implementation of the Solvency II Framework Directive, which may be as early as 1 January 2014. Without limitation to the matters which may be laid down in such implementing measures, article 135 of the Solvency II Framework Directive states such measures will require that originators of asset-backed securities retain a net economic interest of no less than 5% and will specify the qualitative requirements that must be met by insurance or reinsurance undertakings that invest in asset-backed securities. The terms of the implementing measures which will be adopted by the European Commission are not yet finalised, but it is expected such measures will require insurance and reinsurance undertakings to carry out due diligence prior to investing in asset-backed securities and that failure to comply with the requirements set out in the implementing measures will result in a penal capital charge to the insurance or reinsurance company. In addition, the availability of transitional relief or "grandfathering" in respect of investments in asset-backed securities remains uncertain.

Article 135 of the Solvency II Framework Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

#### **Limited liquidity in the secondary market in mortgage loans and mortgage-backed securities**

The secondary mortgage markets are currently experiencing severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage loans and mortgage-backed securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future. This may, among other things, affect the ability of the Issuer to obtain timely funding to fully redeem maturing Notes with the sale proceeds of Mortgage Receivables subject to and in accordance with the Mortgage Receivables Purchase Agreement and the Trust Deed.

Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor.

In addition, any forced sale into the market of mortgage-backed securities held by various investors that are currently experiencing funding or other difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

#### **Risks of weaker economic conditions in certain geographic regions in The Netherlands may ultimately result in losses to the Noteholders**

To the extent that specific geographic regions within The Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within The Netherlands is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Mortgaged Assets. This may result in a loss being incurred upon the sale of the Mortgaged Assets. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Receivables sold to the Issuer in connection with the issuance of the Notes, see section 6.1 (*Stratification Tables*).

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

Global markets and economic conditions have been negatively impacted in 2010, 2011 and 2012 by market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations, including in Greece, Spain, Ireland, Italy and Portugal. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global financial markets. In particular, it has disrupted and could in the future disrupt, equity markets and result in volatile bond yields on the sovereign debt of EU members.

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

In the event of continued or increasing market disruptions and volatility, the Seller, the Participants, the Issuer Account Bank and the Swap Counterparty may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues, which may affect their ability to perform their respective obligations under the Transaction Documents. Failure to perform obligations under the Transaction Documents may adversely affect the performance of the Notes.

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

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

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

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

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

The Governing Council of the European Central Bank decided in December 2010 to implement loan-level data reporting requirements for asset-backed securities as part of the Eurosystem's collateral framework. For residential mortgage-backed securities, this is mandatory from 3 January 2013. Accordingly, if loan-level data reporting requirements are not complied with, Eurosystem eligibility of the Class A Notes may not, or may not continue to be, recognised.

**Return on investment in Notes will be affected by charges incurred by investors**

An investor's total return on an investment in Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

## **No gross-up for Taxes**

As provided in Condition 11 (*Taxation*), all payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) is required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Trustee or the Paying Agent (as the case may be) will make the required deduction or withholding, and shall not be obliged to pay any additional amounts to the Noteholders in respect of such deduction or withholding.

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

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State.

## **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become (i) a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service (IRS) to provide the IRS with certain information in respect of its account holders and investors or (ii) is not otherwise exempt from or in deemed compliance with FATCA. The Issuer may be classified as an FFI, and may enter into such an agreement with the IRS. Under its agreement with the IRS, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold on certain payments treated as "**foreign passthru payments**" (a term not yet defined) to (i) any FFI through or to which payment on such Notes is made which is not a Participating FFI or otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**").

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to foreign passthru payments no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are materially modified on or after the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payments are filed in the Federal Register and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have entered into various intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a reporting foreign financial institution (a "**Reporting FFI**") not subject to withholding under FATCA on any payments it receives. Further, under the terms of the Model 1 IGA, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FFI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FFI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. Although the United States and State of The Netherlands are currently in negotiations regarding an IGA based largely on the Model 1 IGA, such agreement has not yet been signed.

If the Issuer does not become a Participating FFI, Reporting FFI, or is not treated as exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA Withholding on payments received from U.S. sources and Participating FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes.

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

**FATCA is particularly complex. The above description is based in part on final regulations, official guidance and model IGAs, however, a substantial portion of this legislation is still uncertain and its application in practice is not known at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

### **Changes in law**

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

### **Exchange rates and exchange controls**

The Issuer will pay principal and interest, if any, on the Notes in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to euro would decrease (1) the investor's currency-equivalent yield on the Notes, (2) the investor's currency-equivalent value of the principal payable on the Notes and (3) the investor's currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate and/or restrict the convertibility or transferability of currencies within and/or outside of a particular jurisdiction. As a result, investors may receive less interest or principal than expected, or receive it later than expected or not at all.

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

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear Netherlands.

## **Minimum Denomination**

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

## **Insolvency risk**

In the event that the Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of the Issuer's place of incorporation. The insolvency laws of the Issuer's place of incorporation may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of Noteholders in respect of Notes and the Issuer's other creditors and shareholders under the insolvency laws of the Issuer's place of incorporation may be different from the treatment and ranking of those Noteholders and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the investor's home jurisdiction.

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

In 1988, the Basel Committee on Banking Supervision (the "**Basel Committee**") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006, the Basel Committee finalised and published new risk-adjusted capital guidelines ("**Basel II**"). Basel II includes the application of risk-weighting which depends upon, among other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the CRD. Certain amendments have been made to the CRD, including by Directive 2010/76/EU (the so-called "**CRD III**"), which was required to be implemented by Member States by the end of 2011 and which introduces (among other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a maximum leverage ratio for financial institutions. In particular, the changes include, among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "Liquidity Coverage Ratio" and the "Net Stable Funding Ratio"). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "**CRD IV**") to implement the changes through the replacement of the existing CRD with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however, the proposals allow individual Member

States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Furthermore, pursuant to the proposed Solvency II rules, more stringent rules will apply for European insurance companies from January 2014 in respect of instruments such as the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to an effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures as well as the application of Solvency II, to their holding of any Notes. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## 2.2 SECURITY

### Pledges to Trustee

#### *General*

Under or pursuant to the Pledge Agreements, various Dutch law pledges are granted by the Issuer to the Security Trustee. A Dutch pledge can serve as security for monetary claims (*geldvorderingen*) only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and limitations of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Issuer is a special purpose entity. It has been set up as a bankruptcy remote entity, principally in two ways. First, non-petition wording has been included in the Conditions and the relevant Transaction Documents. Notwithstanding such wording, it is possible that a Dutch court would consider a petition for bankruptcy (*faillissement*) initiated by third party creditors (such as tax authorities) or parties to the Transaction Documents even if such petition was presented in breach of a non-petition covenant applying to the relevant party. Secondly, recourse by the Issuer's counterparties under the Transaction Documents has been limited to the Mortgage Receivables and any other assets the Issuer may have. It is therefore unlikely that the Issuer becomes subject to an Insolvency Proceeding. Should the Issuer be subjected to a Dutch Insolvency Proceeding, nevertheless, the Security Trustee as pledgee can exercise the rights afforded by Dutch law to pledgees as if there were no Dutch Insolvency Proceedings. However, Dutch Insolvency Proceedings involving the Issuer would affect the position of the Security Trustee as pledgee in some respects under Dutch law.

#### *Future Assets*

First, if and to the extent that assets purported to be pledged by the Issuer to the Security Trustee are future assets (i.e. assets that have not yet been acquired by the Issuer or that have not yet come into existence) at the moment Dutch Insolvency Proceedings take effect (i.e. at 0:00 hours on the date Dutch Insolvency Proceedings are declared), such assets are no longer capable of being pledged by the Issuer (unless the liquidator agrees). This would, for example, apply with respect to amounts that are paid to an account following the Issuer's Dutch Insolvency Proceedings taking effect. As such crediting of the account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the Issuer vis-à-vis the Issuer Account Bank would qualify as a future asset as abovementioned. However, if following the Dutch Insolvency Proceedings taking effect, amounts are due to be paid under receivables that have been pledged to the Security Trustee prior to such Dutch Insolvency Proceedings taking effect, the Security Trustee as pledgee could through notification to the relevant debtors prevent that such pledged receivables are further discharged through payments to the Issuer Collection Account by ordering the relevant debtors to pay to a different account. The reason for this is that as pledgee it is entitled to collect such receivables itself, in its own bank account, following notification of the pledge (and, where applicable, the assignment preceding the pledge) to the relevant debtor. Notification of the pledge may occur following the occurrence of a Pledge Notification Event (which includes Dutch Insolvency Proceedings being declared in respect of the Issuer). As long as no notification of the assignment has taken place in respect of pledged Mortgage Receivables, the relevant debtor must continue to pay to the Seller. Under section 2.3 (*Commingling risk*), the position of the Issuer is described in respect of payments so made to the Seller prior to or after the Seller's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Mortgage Receivables made to the Issuer following notification of the assignment but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the Issuer taking effect and not on paid to the Security Trustee, the Security Trustee will be an ordinary, non preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post insolvency payments made by debtors of the insolvent Seller, the Security Trustee will be a preferred creditor having an insolvency claim. Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

### *Mandatory insolvency rules*

Secondly, the following mandatory rules of Dutch insolvency law may affect the enforcement of the Security Trustee's pledges:

- a statutory stay of execution ('cooling off period') of up to two months - with a possible extension by up to two more months - may be imposed during each type of Dutch Insolvency Proceedings by court order. Such stay of execution does not prevent the Security Trustee from giving notice to the debtors of any pledged receivables and collecting the proceeds thereof. However, where applicable, it will prevent the Security Trustee from (i) taking recourse against any amounts so collected during such stay of execution and (ii) selling pledged assets to third parties;
- the liquidator in bankruptcy can force the Security Trustee to enforce its security right within a reasonable period of time, failing which the liquidator in bankruptcy will be entitled to sell the pledged assets and distribute the proceeds. In such case, the Security Trustee will receive payment prior to ordinary, non preferred creditors having an insolvency claim but after creditors of the estate (*boedelschuldeisers*). It should be noted, however, that said authority of the liquidator in bankruptcy only aims to prevent a secured creditor from delaying the enforcement of the security without good reason; and
- excess proceeds of enforcement must be returned to the Issuer in its Dutch Insolvency Proceedings; they may not be set off against an unsecured claim (if any) of the Security Trustee against the Issuer. Such set off is in principle allowed prior to the Dutch Insolvency Proceedings.

Similar or different restrictions may apply in case of Insolvency Proceedings other than Dutch Insolvency Proceedings.

### **Parallel Debt**

It is intended that the Issuer grants pledges to the Security Trustee for the benefit of the Secured Creditors. However, under Dutch law there is no concept of trust and it is uncertain whether a pledge can be granted to a party other than the creditors of the receivables purported to be secured by such pledge. The Issuer has been advised that under Dutch law a 'parallel debt' structure can be used to give a security trustee its own, separate, independent right of claim on identical terms as the relevant creditors. For this purpose, the Trust Deed creates a parallel debt ("**Parallel Debt**") of the Issuer to the Security Trustee equal to the corresponding principal obligations, so that the Security can be granted to the Security Trustee in its own capacity as creditor of the parallel debt. In the Trust Deed it is agreed that obligations of the Issuer to the Security Trustee under the Parallel Debt shall be decreased to the extent that the corresponding principal obligations to the Secured Creditors are reduced (and vice versa). In the Trust Deed the Security Trustee agrees to act as Security Trustee as abovementioned and agrees:

- to act for the benefit of the Secured Creditors in administering and enforcing the Security; and
- to distribute the proceeds of the enforcement of the Security in accordance with the provisions set out in the Trust Deed.

Any payments in respect of the Parallel Debt and any proceeds of the enforcement of the Security (in each case to the extent received by the Security Trustee) are, in the event that the Security Trustee becomes subject to Dutch Insolvency Proceedings, not separated from the Security Trustee's other assets, so the Secured Creditors accept a credit risk on the Security Trustee. However, the Security Trustee is a special purpose entity and is therefore unlikely to become subject to an Insolvency Proceeding.

### 2.3 COMMINGLING RISK

Payments by the Borrowers under the Mortgage Receivables are due on the first day of each month, interest being payable in arrears. For as long as no Assignment Notification Event has occurred, all payments made by Borrowers will be paid into the Seller Collection Accounts. The Seller Collection Accounts are not pledged to any party and are also used for the collection of moneys paid in respect of mortgage receivables other than the Mortgage Receivables and in respect of other moneys belonging to the Seller. In respect of payments so made under the Mortgage Receivables prior to a Dutch Insolvency Proceeding (i.e., bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or, as applicable, emergency regulations (*noodregeling*)) of the Seller, the Issuer will be an ordinary, non preferred creditor, having an insolvency claim against the Seller. In respect of post insolvency payments, the Issuer will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate. There is therefore a risk that the cashflows under the Mortgage Receivables through the Seller Collection Accounts are interrupted by a Dutch Insolvency Proceeding of the Seller. To mitigate this risk, the Mortgage Receivables Purchase Agreement provides that if the credit rating of the Seller's debt obligations falls below the Requisite Credit Rating, the Seller will as soon as reasonably practicable and in any event within 14 calendar days after such assignment of rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months. The aforementioned deposit shall no longer be required if the Seller has ensured that (i) the Borrowers shall be notified that they should immediately make their payments to the Issuer Collection Account, or into such other account as the Security Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Notes, (ii) payments to be made with respect to amounts received on the Seller Collection Accounts will be guaranteed by way of an unlimited and unconditional guarantee by a party having at least the Requisite Credit Rating, or, if (i) or (ii) is not reasonably practicable, (iii) another solution acceptable to the Credit Rating Agencies have been found in order to maintain the then current rating of the Notes.

## 2.4 HEDGING

### **Interest Rate risk**

The Issuer is exposed to the risk that the interest received on the Mortgage Loans is not sufficient to pay the interest on the Notes. This risk is mitigated in respect of the Class A Notes only by the Swap Agreement.

### **Swap termination/default**

The Swap Counterparty will be obliged to make payments under the Swap Agreement subject to the Issuer (or the Issuer Administrator acting on its behalf) making payments under the Swap Agreement.

The Swap Agreement will provide that, upon the occurrence of certain events (including certain tax events and events of default), the Issuer or the Swap Counterparty may terminate the Swap Transaction. If the Swap Agreement terminates early, the Issuer may be obliged to make a termination payment to the Swap Counterparty which could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Subordinated Swap Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full, including its ability to redeem the Class A Notes and/or the Class B Notes on an Optional Redemption Date.

In circumstances where the Swap Agreement is terminated, no assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating(s) of the swap counterparty(s) for the replacement transaction(s). The credit rating of a replacement swap counterparty may adversely affect the credit rating(s) and/or the marketability of the Notes.

### **Tax Event in Relation to the Swap Transaction**

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If by reason of a change in tax law affecting the transaction under the Swap Agreement which becomes effective on or after the Closing Date, the Issuer would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and/or the Swap Counterparty would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and is obliged to gross up its payments to the Issuer under the Swap Agreement to account for such tax, then the Swap Counterparty shall use its reasonable endeavours to appoint a substitute swap counterparty (or act through another office of the Swap Counterparty) so that such deduction or gross up is no longer required. In circumstances where the Swap Counterparty is not able to make such a substitution, then the Swap Counterparty may be entitled to terminate the Swap Agreement, and, if it does so, there may be a swap termination payment to be made by the Issuer thus reducing the funds available to the Issuer to make payments in respect of the Notes. If the Issuer is required to make such payment to the Swap Counterparty then the Issuer may not have sufficient funds to make payments due in respect of the Notes and to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the possible variance between the different rates payable by Borrowers on the Mortgage Loans and the amount due in respect of the Notes, and the Issuer may have insufficient funds to make payments due on the Notes on an ongoing basis.

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

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

The English Supreme Court has held that a flip clause as described above is valid under English law. The Issuer has been advised that such a flip clause would be valid under Dutch law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S.

bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or The Netherlands (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Dutch law governed Transaction Documents (such as a provision of each of the Revenue Priority of Payments and the Post-Enforcement Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of Subordinated Swap Payments). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Counterparty given that the Swap Counterparty has assets and/or operations in the U.S. and notwithstanding that the Swap Counterparty is a non-US established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or the Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

## 2.5 MORTGAGE RECEIVABLES AND MORTGAGED ASSETS

### **No notification of assignment of Mortgage Receivables to Issuer**

The Mortgage Receivables Purchase Agreement provides that the transfer of the Mortgage Receivables and any Related Security will be effected through an undisclosed (save as disclosed pursuant to any Beneficiary Waiver Agreement in relation to Beneficiary Rights) assignment (*stille cessie*) by the Seller to the Issuer. This means that legal ownership of the Mortgage Receivables will be transferred to the Issuer either by (i) registration with the tax authorities (*Belastingdienst*) of a duly executed Deed of Assignment and Pledge or (ii) execution of a Deed of Assignment and Pledge before a civil law notary, in each case without notifying the debtors of such Mortgage Receivables. The assignment will only be notified to the debtors under the Mortgage Receivables if an Assignment Notification Event occurs. Notification is only necessary to ensure that the debtors under the Mortgage Receivables can no longer discharge their obligations by paying to the Seller.

As long as no notification has taken place, any payments made by the debtors under the Mortgage Receivables must continue to be made to the Seller. In respect of payments so made prior to a Dutch Insolvency Proceeding of the Seller, the Issuer will be an ordinary, non-preferred creditor, having an insolvency claim against the Seller. In respect of post-insolvency payments, the Issuer will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate.

### **Transfer to Issuer of Mortgage Receivables secured by All Moneys Mortgage**

Under Dutch law mortgages and pledges are in principle accessory rights (*afhankelijke rechten*) which pursuant to articles 3:7, 3:82 and 6:142 of the Dutch Civil Code (*Burgerlijk Wetboek*) automatically follow the receivables they secure, for example if such receivables are transferred to a third party. The rights of mortgage and pledge securing the Mortgage Receivables qualify as either Fixed Security Rights or All Moneys Security Rights. In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether a transfer of a receivable secured by an All Moneys Mortgage, results in a transfer of the All Moneys Mortgage, or a share therein, to the transferee.

The Issuer has been advised that like any other right of mortgage or pledge, a mortgage or pledge constituting an All Moneys Mortgage under Dutch law is in principle an accessory right (*afhankelijk recht*) and that, therefore, upon a transfer of a receivable secured by All Moneys Mortgage, the transferee will in principle become entitled to a share in the All Moneys Mortgage by operation of law. The Issuer has been advised that the above is confirmed by the *Onderdrecht v. FGH and PHP* decision of the Dutch Supreme Court (HR 16 September 1988, NJ 1989, 10). In this decision, the Dutch Supreme Court ruled that the main rule is that a right of mortgage as an accessory right transfers together with the receivable it secures. The Dutch Supreme Court also held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivables entails that the right of mortgage exclusively vests in the original mortgagee, in deviation of said main rule. The Issuer has been advised that where the interpretation of the mortgage or pledge deed does not reveal a specific intention regarding the transfer of the right of mortgage or pledge, the abovementioned main rule applies, so that following a transfer of a secured receivable, the relevant receivable will continue to be secured by the right of mortgage or pledge.

Under or pursuant to the Mortgage Receivables Purchase Agreement the Seller warrants and represents in relation to each Mortgage Receivable that the relevant mortgage and pledge deeds contain either (i) no specific wording regarding the transfer of any right of mortgage or pledge securing such Mortgage Receivable or (ii) an express confirmation to the effect that upon a transfer of the relevant Mortgage Receivable, such Mortgage Receivable will, following the transfer, continue to be secured by the right of mortgage or pledge.

### **Joint security of Issuer and Seller**

As a consequence of the transfer to the Issuer of Mortgage Receivables secured by All Moneys Security Rights (or Fixed Security Rights if not all receivables which are secured by the relevant security right are, or if not the entire contractual relationship (*rechtsverhouding*) from which receivables may arise which will be secured by the relevant security right is, transferred to the Issuer), the relevant All Moneys Security Rights (or where applicable Fixed Security Rights) will become part of a joint estate (*gemeenschap*) of the Issuer, any other transferee of receivables secured by such All Moneys Security Rights (or where applicable Fixed Security Rights) and the original mortgagee or pledgee, governed by articles 3:166 et seq. of the

Dutch Civil Code. This means, among other things, that in the case of foreclosure of the All Moneys Security Rights (or where applicable, Fixed Security Rights), the relevant original mortgagee or pledgee, the Issuer and any other transferee of secured receivables will in principle need to act jointly and share the proceeds *pro rata* on the basis of their respective shares in the joint estate.

For this purpose the Mortgage Receivables Purchase Agreement contains an intercreditor arrangement granting the Issuer and/or the Security Trustee (as applicable) the right to (i) foreclose on the All Moneys Security Rights (or where applicable Fixed Security Rights) without involvement of the Seller and (ii) take recourse to the foreclosure proceeds prior to the Seller. The Issuer has been advised that it is uncertain whether such an arrangement is binding on the Seller's liquidator or administrator in Dutch Insolvency Proceedings. However, the Issuer has also been advised that on the basis of articles 3:166, 168, 170 and 172 of the Dutch Civil Code there are good arguments to state that such arrangement is binding, although the position is not certain. Moreover, generally the above only becomes relevant in the event that each of the following conditions is met:

- the Borrower does not meet his secured obligations in full to either the Seller or the Issuer, in particular because he is insolvent;
- the Seller is subject to an Insolvency Proceeding; and
- the proceeds of the related Mortgaged Asset are insufficient to fully satisfy the secured receivables of the Seller and the Issuer.

The abovementioned intercreditor arrangement will be supported by an undertaking by the Seller that in the event that any of the Seller's credit ratings ceases to be at least the Requisite Credit Ratings, and if such downgrade or withdrawal relates to short-term credit ratings, the Seller does not regain such Requisite Credit Ratings on the date falling one month after the date of such downgrade, or any such credit rating is withdrawn, it will forthwith, and in any event within 10 Business Days after the occurrence of such downgrade or withdrawal (or end of the relevant month, as the case may be), pledge to the Issuer its Other Claims vis-à-vis the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable Fixed Security Rights), unless an appropriate remedy to the satisfaction of the Security Trustee is found after having received Credit Rating Agency Confirmation.

If, after the pledge of the Other Claims, the Seller regains short-term credit ratings from the relevant Credit Rating Agency of at least the Requisite Credit Ratings and retains such Requisite Credit Ratings for a consecutive period of at least one month or such other period as may be agreed with, or in the case of Fitch, notified to, the Credit Rating Agencies from time to time, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee has undertaken to release such right of pledge on any Other Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Mortgage Receivable has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Mortgage Loan or (ii) if all Mortgage Receivables that are secured by the same Related Security as such Other Claims have been retransferred to the Seller in accordance with the terms of the Mortgage Receivables Purchase Agreement.

The pledge (if implemented) will secure a special indemnity created in the Mortgage Receivables Purchase Agreement for this purpose, under which the Seller undertakes to pay to the Issuer an amount equal to its share in the foreclosure proceeds. Recourse in respect of the indemnity is limited to the Seller's share in the foreclosure proceeds. The indemnity will be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Mortgage Receivable or the receivable(s) he owes to the Seller. If and to the extent the pledge is implemented and any foreclosure proceeds are applied in discharge of the indemnity, the Seller's pledged receivables vis-à-vis the relevant Borrower would be discharged. For this reason, the Issuer undertakes in the Mortgage Receivables Purchase Agreement that it will in such event retransfer to the Seller a part of the unsatisfied part of the relevant Mortgage Receivable for a principal amount corresponding to the principal amount of the Other Claims so applied.

The Mortgage Receivables Purchase Agreement provides that:

- (i) the Seller warrants and represents in relation to each Mortgage Receivable that:
  - (A) the relevant Mortgage Receivable was originated by the Seller (which includes origination by an originator (a) which has merged (*gefuseerd*) into the Seller or (b) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and the Seller has not (nor has any such relevant merged originator or demerged originator (as the case may be)) transferred any receivable (including but not limited to any Other Claim) secured by the Related Security to any party other than the Issuer (or in the case of a merged originator or demerged originator (as the case may be), other than the Seller) or, in the case of Savings Mortgage Receivables and Hybrid Mortgage Receivables, the relevant Savings Insurance Company; or
  - (B) the relevant Mortgage Receivable is secured by Related Security which does not include All Moneys Security Rights and any and all present and future receivables which are secured by the Fixed Security Rights forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security Rights, have, together with all Related Security, been transferred to the Seller; and
- (ii) if (a) the Seller transfers any Other Claims vis-à-vis the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable Fixed Security Rights), it will simultaneously transfer its corresponding obligations and rights under the intercreditor arrangement to the relevant transferee and (b) the Issuer transfers a Mortgage Receivable to any transferee other than the Seller, it is entitled to transfer its corresponding rights and obligations under the intercreditor arrangement to the relevant transferee. In addition, the Seller will ensure that upon a transfer as referred to in (a), the relevant transferee (other than any transferee that is a subsidiary (*dochtermaatschappij*) of ING Groep N.V.) shall immediately pledge to the Issuer such Other Claims if such transferee's credit ratings are less than the Requisite Credit Ratings, or if such transferee does not have any long-term credit rating assigned to it.

In the Mortgage Receivables Purchase Agreement, the Seller furthermore covenants, among other things, that if it makes any Further Advance under the Mortgage Conditions relating to a Mortgage Receivable, then on the first following Mortgage Collection Payment Date, the Seller will offer such Further Advance Receivable for sale and assignment to the Issuer for an amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable as at the relevant Cut-off Date. Until the Notes Payment Date immediately preceding the First Optional Redemption Date, the Issuer is obliged to accept each such offer of Further Advance Receivables, on the condition that the purchase of such Further Advance Receivable does not result in a breach of any of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a breach of any of the Additional Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of, all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted.

The Issuer will not purchase any Mortgage Receivables other than Further Advance Receivables from the Seller following the acquisition of the Initial Portfolio on the Closing Date. The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

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

Notwithstanding the assignment and pledge of the Mortgage Receivables to the Issuer and Security Trustee, respectively, the Borrowers may be entitled to set off the relevant Mortgage Receivable against a claim (if any) they may have against the Seller, such as (i) counterclaims resulting from a current account relationship, (ii) counterclaims resulting from securities issued by the Seller (e.g. *ING Garantiebiljetten*), (iii) counterclaims resulting from damages incurred by a Borrower as a result of acts performed by the Seller, and, depending on the circumstances, (iv) other counterclaims such as counterclaims (a) relating to a Construction Deposit, (b) resulting from deposits that pursuant to the terms of a relevant Investment Mortgage Loan have been made by the Borrower in a savings account maintained in his name with the Seller which is connected to his securities account, deposits that pursuant to the terms of a relevant Bank Savings Mortgage Loan have been made by the Borrower in the related Bank Savings Account, or deposits

that have been made by the Borrower in any other account maintained in his name with the Seller, and (c) under the Mortgage Conditions relating to a Revolving Credit Mortgage Loan (for example, because of non-compliance by the Seller with its obligations under the relevant Mortgage Conditions).

In the absence of contractual provisions expanding statutory set-off possibilities, mutuality of claims is one of the requirements for set-off to be allowed: the parties, mutually, have to be each other's creditor and debtor. Following an assignment of a Mortgage Receivable by the Seller to the Issuer, the Seller would no longer be the creditor of the Mortgage Receivable. However, for as long as the assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set off the Mortgage Receivable as if no assignment had taken place. After notification of the assignment or pledge, the relevant Borrower can still invoke set-off pursuant to article 6:130 of the Dutch Civil Code. On the basis of such article a Borrower can invoke set-off against the Issuer (and the Security Trustee as pledgee) if the Borrower's claim against the Seller (if any) stems from the same legal relationship as the Mortgage Receivable (such as the Borrower's right to receive payments from the Bank Savings Account stemming from the same legal relationship as the related Bank Savings Mortgage Receivable) or became due and payable before the notification. In addition, the possibility cannot be excluded that on the basis of an analogous interpretation of article 6:130 of the Dutch Civil Code, a Borrower will be entitled to invoke set-off against the Issuer (or the Security Trustee) if prior to the notification, the Borrower was either entitled to invoke set-off against the Seller (e.g. on the basis of article 53 of the Dutch Bankruptcy Code (*Faillissementswet*)) or had a justified expectation that he would be entitled to such set-off against the Seller.

Some of the Mortgage Conditions provide for a waiver by the Borrower of his rights of set-off against the Seller. However, the waiver of set-off by a Borrower could be voided pursuant to Dutch contract law and may therefore not be enforceable. Some of the standard form mortgage documentation provide for a right for the Borrower to, subject to certain conditions, set off claims it may have vis-à-vis the Seller with claims that the Seller has against the Borrower pursuant to the relevant Mortgage Loan. The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount so set-off.

To mitigate the set-off risk relating to Bank Savings Mortgage Receivables ING will enter into the Bank Savings Participation Agreement on the Signing Date. Pursuant to the Bank Savings Participation Agreement, an Initial Settlement Amount and Further Settlement Amounts will be payable by ING as Bank Savings Participant to the Issuer in return for a Participation. If the relevant Borrower invokes set-off or for any reason set off is applied in relation to any part of the relevant Bank Savings Deposit as against any Mortgage Receivable, the relevant Participation of ING will be reduced by an amount equal to such amount so set-off.

To mitigate the risk of set-off by a Borrower of a Mortgage Receivable against a claim he may have against the Seller for a cash deposit (other than in relation to Bank Savings Mortgage Receivables) held by the Seller (if, for example, the Seller becomes subject to Insolvency Proceedings and cannot pay out such cash deposit (other than in relation to Bank Savings Mortgage Receivables) to the Borrower), the Seller undertakes in the Mortgage Receivables Purchase Agreement to, in the event of a downgrade of the credit rating of the Seller's debt obligations below the Requisite Credit Rating, within 14 calendar days of such downgrade deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than in relation to Bank Savings Mortgage Receivables) it holds for all Borrowers in relation to any Mortgage Receivables.

#### **Non-payment by insurer and Deduction Risk**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to a Mixed Insurance Policy. The Borrower of such a Mortgage Receivable does not repay principal during the term of the relevant Mortgage Loan, but instead, apart from paying a risk premium, invests capital premium under the Mixed Insurance Policy which consists of a savings part and/or an investment part, as the case may be. The intention is that at maturity, the principal proceeds of the savings or investments (the "**Savings/Investment Proceeds**") can be used to repay the Mortgage Loan, in whole or in part, following pay-out of the Savings/Investment Proceeds by the insurer. However, it is possible that the relevant insurer becomes subject to an Insolvency Proceeding or for any other reason does not (fully) pay out the Savings/Investment Proceeds. In cases where the Savings/Investment Proceeds are so lost and a Borrower is requested to repay the full principal amount of the relevant Mortgage Loan, the Borrower may invoke defences purporting to establish that an amount equal to the lost Savings/Investment Proceeds is deducted

from the Mortgage Receivable he owes to the Issuer (the risk that such a defence is successfully invoked is hereinafter referred to as the "**Deduction Risk**").

The Issuer has been advised that a Borrower's relationships with the Seller and insurer are in principle two separate relationships. The Issuer has also been advised that under Dutch law generally a range of defences is available to the Borrower, but that in cases as described above, the Borrower's defence is likely to focus on information provided by or on behalf of the Seller which may have led the relevant Borrower to believe that he was not entering into two separate relationships. In this respect, a general factor which to a certain extent increases the Deduction Risk, is that all Borrowers are consumers, many of whom may have limited or no legal knowledge. On this basis the Issuer has been advised that insofar as the Deduction Risk is concerned, the products to which the Mortgage Receivables relate can generally be divided into five categories:

1. *Products with no investment part and no Mixed Insurance Policy*

Certain Mortgage Receivables do not relate to any investment product or Mixed Insurance Policy. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, that the relevant Mortgage Receivable does not relate to any investment product or Mixed Insurance Policy. Therefore, provided that these representations and warranties are correct, the Deduction Risk does not apply to Mortgage Loans containing no savings, investment part or Mixed Insurance Policy.

2. *Products with investment part (and no Mixed Insurance Policy)*

Certain Mortgage Receivables do not relate to any Mixed Insurance Policy but relate to a securities account agreement between the relevant Borrower and:

- an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*); or
- a bank.

The securities account agreement provides for a securities account maintained in the name of the relevant Borrower with the relevant investment firm or bank. The Issuer has been advised that by law:

- the investment firm is obliged to administer the securities through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); and
- the bank is obliged to administer the securities through a separate depository vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), in which case the bank can administer such securities itself.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account arrangement. Should the relevant investment firm or bank not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers being invoked.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to an Investment Mortgage Loan, that (i) the relevant Mortgage Receivable does not relate to any Mixed Insurance Policy and (ii) the relevant securities account is maintained in the relevant Borrower's name with an investment firm or bank as abovementioned. Therefore, provided that these representations and warranties are correct, the Deduction Risk does not apply to Mortgage Loans containing only an investment part which have no Mixed Insurance Policy.

The Issuer has been advised that for Mortgage Receivables of this category in respect of which deposits have been made by the Borrower in a savings account maintained in his name with the Seller which is connected to his securities account such Borrower may be entitled to set off the

relevant Mortgage Receivable against the claims he may have against the Seller in respect of such deposits made into his accounts even in circumstances where the Mortgage Receivable is transferred to the Issuer (see also the paragraph named (*Set-off by Borrowers*) above). The Mortgage Receivables Purchase Agreement provides that (i) if a Borrower sets off amounts due to him by the Seller against the relevant Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount so set-off and (ii) to mitigate the risk of set-off by a Borrower of a relevant Mortgage Receivable against a claim it may have against the Seller for a cash deposit (other than in relation to Bank Savings Mortgage Receivables) held by the Seller, the Seller will, in the event of a downgrade of the credit rating of the Seller's debt obligations below the Requisite Credit Rating, within 14 calendar days of such downgrade deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than in relation to Bank Savings Mortgage Receivables) it holds for all Borrowers in relation to any Mortgage Receivables.

3. *Products with Mixed Insurance Policy where Borrower selects insurer*

Certain Mortgage Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer chosen by the Borrower (and approved by the Seller). The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Mortgage Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression of the relevant Borrower that he was not entering into two separate relationships. For example, (i) sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant Mortgage Loan or that the Borrower could not himself choose the relevant insurer and/or (ii) the insurance conditions may have been printed on the letterhead of, or otherwise contain eye catching references to, the Seller (or *vice versa*). However, the Issuer has been advised that absent such specific circumstances, it is unlikely for the Deduction Risk to apply to Mortgage Receivables of this category. As the Borrower selects an insurer of his own choice (subject to prior approval by the Seller), this emphasises that it concerns two separate relationships.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to a Life Mortgage Loan falling under this category 3 that (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the Savings Insurance Company) are not offered as one product and (ii) the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the Seller and are free to choose the insurer (subject to prior approval by the Seller).

The Deduction Risk for Mortgage Receivables relating to a Life Mortgage Loan falling under this category 3 in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the Savings Insurance Company will not be catered for.

4. *Products with Mixed Insurance Policy (but no switch element) where Seller pre-selects insurer*

Certain Mortgage Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the Seller. The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Mortgage Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant Mortgage Loan. The Issuer has been advised that, although such specific circumstances may be absent, in general there may still be a certain Deduction Risk for Mortgage Receivables of this category. As the Borrower has no option to choose an insurer, this could, possibly with other

circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether:

- the Mortgage Conditions and the Mixed Insurance Policy, respectively, or (other) documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the Seller, respectively;
- the representative of the Seller also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the Mixed Insurance Policy or the Mortgage Conditions;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the Seller; and/or
- as is the case in respect of Savings Mortgage Loans, the interest base applicable to the savings is linked to the interest base applicable to the relevant Mortgage Loan.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to a Life Mortgage Loan and a Mixed Insurance Policy where an insurer is pre-selected by the Seller that (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the Savings Insurance Company) are not offered as one product and (ii) the guaranteed yield of the capital/investment element under the Mixed Insurance Policy is not linked to the interest base applicable to the relevant Mortgage Loan. The Deduction Risk for Mortgage Receivables relating to a Life Mortgage Loan falling under this category 4 in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the Savings Insurance Company will not be catered for.

The Deduction Risk will be catered for as follows in relation to Savings Mortgage Loans. Insurance Savings Participation Agreements have been entered into between an Insurance Savings Participant, the Issuer and the Security Trustee and signed for acknowledgement and acceptance by the Seller in relation to Savings Mortgage Receivables. Pursuant to the Insurance Savings Participation Agreements relating to any Savings Mortgage Receivables, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Insurance Savings Participant to the Issuer in return for an Insurance Savings Participation. If the relevant Borrower invokes against the Issuer that he may deduct lost Savings/Investment Proceeds from the relevant Savings Mortgage Receivable, the relevant Insurance Savings Participation of the relevant Insurance Savings Participant (who would be in default under the relevant Mixed Insurance Policy) will be reduced with an amount equal to such lost Savings/Investment Proceeds.

5. *Products with Mixed Insurance Policy and switch element, where Seller pre-selects insurer*

Certain Mortgage Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the Seller. The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The Mixed Insurance Policies have a hybrid nature and allow the Borrowers to choose how the insurer should invest the investment part (from a list of approved investments, whether or not in baskets or combinations) and to request the insurer to switch between investments, in whole or in part. The Borrowers are allowed to choose whether they prefer a savings and/or investment part and to switch between the savings and/or investment part, in whole or in part. The relevant insurer keeps savings and/or investments in its own name. The Issuer has been advised that for Mortgage Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant Mortgage Loan. The Issuer has been advised that, although such specific circumstances may be absent, in general there may still be a certain Deduction Risk for Mortgage Receivables of this

category. As the Borrower has no option to choose an insurer, this could, possibly with other circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether:

- the Mortgage Conditions and the Mixed Insurance Policy, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the Seller, respectively;
- the representative of the Seller also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the Mixed Insurance Policy or the Mortgage Conditions;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the Seller; and/or
- to the extent premium consists of a savings element, the interest base applicable to the savings is linked to the interest base applicable to the relevant Mortgage Loan.

This Deduction Risk is catered for as follows in relation to Hybrid Mortgage Loans. An Insurance Savings Participation Agreement is entered into between each relevant Insurance Savings Participant, the Issuer and the Security Trustee and signed for acknowledgement by the Seller in relation to the savings component of Hybrid Mortgage Receivables. Pursuant to the Insurance Savings Participation Agreement relating to any Hybrid Mortgage Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Insurance Savings Participant to the Issuer in return for an Insurance Savings Participation. If the relevant Borrower invokes against the Issuer that he may deduct lost Savings/Investment Proceeds from the relevant Hybrid Mortgage Receivable, the Insurance Savings Participation of the relevant Insurance Savings Participant (who would be in default under the relevant Mixed Insurance Policy) will be reduced with an amount equal to such lost Savings/Investment Proceeds. The Mortgage Receivables Purchase Agreement provides that if at any time in relation to a Hybrid Mortgage Loan a Borrower switches all or part of the invested capital premiums from savings into an investment, then the Seller is obliged to repurchase and accept reassignment of the relevant Hybrid Mortgage Receivable on the first following Mortgage Collection Payment Date.

### **Investment products**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to an investment product, i.e. Investment Mortgage Loans, Life Mortgage Loans and Hybrid Mortgage Loans. The Borrower of such a Mortgage Receivable does not repay principal during the term of the relevant Mortgage Loan, but instead invests in the investment product (where applicable combined with a Mixed Insurance Policy). The intention is that at maturity, the principal proceeds of the investment can be used to repay the Mortgage Loan, in whole or in part. However, it is possible that the value of the investment will have reduced considerably and will be insufficient to repay the loan in full. In addition to this general risk, there might in such circumstances be a risk that the Borrower successfully claims that he was not properly informed of the risks involved in making the investment and, for example, that therefore he may deduct an amount equal to the amount by which the outstanding principal amount of the relevant Mortgage Loan exceeds the value of the investments, from the Mortgage Receivable he owes to the Issuer or he may claim a breach of contract (*wanprestatie*) or tort (*onrechtmatige daad*) or he may dissolve (*ontbinden*) or nullify (*vernietigen*) the relevant contract.

Some of the Mortgage Receivables are linked to Mixed Insurance Policies with an investment element (*beleggingsverzekeringen*), i.e. Life Mortgage Loans and Hybrid Mortgage Loans. The Dutch insurance industry sold mixed insurance policies (such as the Mixed Insurance Policies) with an investment element to customers either directly or through intermediaries. Many Borrowers of Mortgage Receivables took out Mixed Insurance Policies with an investment element from subsidiaries (*dochtermaatschappijen*) of ING Groep N.V., including Nationale-Nederlanden Levensverzekering Maatschappij N.V. There may in certain circumstances be a risk that a Borrower successfully claims that he was not properly informed of the cost element applied by the relevant insurer to the investment premiums paid by such Borrower and/or that the insurer did not properly perform the related insurance agreement in applying the cost element and in either case, for example, that therefore he may terminate the Mixed Insurance Policy (which in turn could affect the collateral granted to the Seller (e.g. Beneficiary Rights and rights of pledge in respect of such Mixed

Insurance Policy) and trigger early termination of the related Mortgage Loan) and/or deduct from, or set-off against, the Mortgage Receivable he owes to the Issuer an amount equal to any (additional) amount owed to him under or in respect of such Mixed Insurance Policy as a result of or in connection with such claim.

Since the end of 2006, unit-linked products (commonly referred to in Dutch as '*beleggingsverzekeringen*') have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and insurers are in general being accused of being less transparent in their offering of unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008 ING's Dutch insurance subsidiaries reached an outline agreement with consumer protection organisations to offer compensation to their unit-linked policyholders where individual unit-linked policies have a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. At 31 December 2008 a provision was recognised for the costs of the settlement. The costs were valued at EUR 365 million. A full agreement on implementation was reached in 2010 with one of the two main consumer protection organisations while in June 2012 also the other main consumer protection organisation signed this agreement. In addition, ING's Dutch insurance subsidiaries announced additional (so-called "flanking") measures that comply with the "Best in Class" criteria as formulated on 24 November 2011 by the Dutch Minister of Finance. In December 2011 this resulted in an agreement on these measures with the two main consumer protection organisations. In 2012 almost all unit-linked policyholders were informed about compensation. The agreements with the consumer protection organisations are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures prevent individual policyholders from initiating legal proceedings against ING's Dutch insurance subsidiaries. Policyholders have initiated and may continue to initiate legal proceedings claiming further damages. Because of the continuous public and political attention for the unit-linked issue in general and the uncertain outcome of pending and future legal proceedings, it is not feasible to predict or determine the ultimate financial consequences.

The Issuer has been advised that the above risks largely depend on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective investors, have been complied with.

The risks described in this paragraph (*Investment products*) will not be addressed in the Transaction Documents. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to an Investment Mortgage Loan relating to a Mortgage Receivable where the related investment product is offered by the Seller itself (and not by a third party securities institution or bank) that such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.

### **Security rights by Borrowers**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to (i) an insurance policy with a risk, savings and/or investment element, (ii) a securities account, or (iii) a Bank Savings Account, as the case may be. All rights of such a Borrower in respect of such an insurance policy, a securities account or a Bank Savings Account, as the case may be, have been pledged to the Seller. The above considerations on pledge and insolvency, made in the context of pledges to the Security Trustee (see section 2.2 (*Security*)), apply *mutatis mutandis* to all Borrower Pledges and Mortgages granted by the Borrowers.

In particular, the Issuer has been advised that under Dutch law it is possible that the receivables purported to be pledged by the Borrowers in respect of insurance policies, qualify as future receivables. As mentioned above, if an asset is a future asset at the moment a bankruptcy, suspension of payments or debt restructuring arrangement (*schuldsaneringsregeling*) takes effect in relation to the relevant pledgor, such assets are no longer capable of being pledged (unless the liquidator agrees). The Issuer has been advised that under Dutch law there is no general rule that is readily applicable to determine whether a claim arising from an insurance policy is an existing or a future claim. As a result, it is uncertain whether and to what extent the pledges of receivables under said insurance policies by the Borrowers are effective. The Issuer has been advised that, in respect of capital insurances (*sommenverzekeringen*) it is likely that the beneficiary's claims against the insurer corresponding with premiums which have already been paid to the insurer are existing

claims, while claims relating to periods for which no premiums have yet been paid may very well be future claims. The Issuer has been advised that in respect of risk insurances (*schadeverzekeringen*) it is uncertain whether the beneficiary's claim can be characterised as an existing claim before the insured event occurs.

### **Beneficiary Rights under Insurance Policies**

Some of the Mortgage Receivables result from Mortgage Conditions which are connected to an insurance policy with a risk, savings and/or investment element. In addition to being granted a pledge of rights under insurance policies, as abovementioned, either:

- the Seller has been appointed as beneficiary under the relevant insurance policy; or
- if another person has been appointed as beneficiary, that person has irrevocably authorised the relevant insurer to pay out the insurance proceeds to the Seller.

With respect to the first alternative, the Issuer has been advised that under Dutch law it is uncertain whether Beneficiary Rights will follow the relevant Mortgage Receivable upon assignment thereof to the Issuer (and subsequent pledge thereof to the Security Trustee). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Mortgage Receivable upon assignment, themselves be assigned by the Seller to the Issuer by way of silent assignment and be pledged by the Issuer to the Security Trustee by way of silent pledge. In the Mortgage Receivables Purchase Agreement the Seller undertakes to, upon the occurrence of an Assignment Notification Event, notify the relevant insurer of the (purported) assignment (save that each Savings Insurance Company will execute a Beneficiary Waiver Agreement prior to the Closing Date and will be notified through the relevant Beneficiary Waiver Agreement and, thereafter, through each Deed of Assignment and Pledge). However, the Issuer has been advised that under Dutch law it is uncertain whether such assignment (and subsequent pledge) will be effective.

Insofar as the transfer of the Beneficiary Rights as abovementioned is not effective, the Seller will:

- in each Deed of Assignment and Pledge to be executed with the Issuer pursuant to the Mortgage Receivables Purchase Agreement to the extent possible, under the condition subsequent (*ontbindende voorwaarde*) that the relevant Mortgage Receivable is retransferred to the Seller, (a) appoint the Issuer as beneficiary in its place and (b) to the extent such appointment is ineffective, waive its Beneficiary Rights. The Issuer has been advised that it is uncertain whether such appointment and/or waiver is effective. If such conditional appointment is ineffective and such conditional waiver is effective, either the relevant Borrower, or any other person ranking behind the Seller as beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy. Under or pursuant to the Mortgage Receivables Purchase Agreement the Seller warrants and represents that if the relevant Mortgage Receivable results from a Life Mortgage Loan, Savings Mortgage Loan or Hybrid Mortgage Loan, all receivables under the relevant Mixed Insurance Policy have been validly pledged by the relevant Borrower to the Seller, which pledge has been notified to the relevant insurer. As mentioned above, a pledge is in principle an accessory right, so that upon a transfer of the relevant Mortgage Receivable to the Issuer, the Issuer will in principle become entitled to (a share in) the pledge, provided that following the waiver of the Beneficiary Rights by the Seller, the Borrower will have become the beneficiary. If, however, following a waiver of Beneficiary Rights by the Seller, a Second Beneficiary will have become the beneficiary, the pledge by the Borrower will not be effective; and
- in the Mortgage Receivables Purchase Agreement undertake to use its reasonable endeavours to procure that (1) a Beneficiary Waiver Agreement is entered into with the Issuer, the Security Trustee and each Savings Insurance Company on or around the Closing Date, and (2) a beneficiary waiver agreement on terms similar to a Beneficiary Waiver Agreement is, or is put, in effect between itself, the Issuer, the Security Trustee and each of the Insurance Companies other than each Savings Insurance Company upon the occurrence of an Assignment Notification Event, in which it is, among other things, agreed that to the extent necessary:
  - (i) the insurer (a) accepts the (purported) (conditional) appointment of the Issuer as beneficiary in the Seller's place and (b) to the extent such appointment is ineffective, accepts the (conditional) waiver by the Seller of its Beneficiary Rights; and

- (ii) the Seller and insurer will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and, where applicable, Second Beneficiaries to change the Beneficiary Rights in favour of the Issuer.

The Seller may not be able to enter into a beneficiary waiver agreement without the co-operation of the liquidator, if and to the extent such Assignment Notification Event has occurred as a result of the Seller having become subject to any Dutch Insolvency Proceedings.

With respect to the second alternative, the Issuer has been advised that it is uncertain whether the Borrower Insurance Proceeds Instruction entails that the insurer should pay the insurance proceeds to the Seller or, following assignment of the relevant Mortgage Receivable, to the Issuer, and that this depends on the interpretation of the Borrower Insurance Proceeds Instruction. Insofar as the Borrower Insurance Proceeds Instructions do not entail that the relevant insurer should, following assignment of the relevant Mortgage Receivable, pay the insurance proceeds to the Issuer, the Issuer, the Security Trustee, the Seller and each Savings Insurance Company will furthermore agree in the relevant Beneficiary Waiver Agreement that the Seller and the relevant Savings Insurance Company will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and (other) beneficiaries to change the Borrower Insurance Proceeds Instructions in favour of the Issuer.

If:

- in the case of the first alternative (a) the transfer of the Beneficiary Rights is not effective, (b) the (conditional) appointment of the Issuer as beneficiary in the place of the Seller is not effective and (c) the (conditional) waiver of Beneficiary Rights by the Seller is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or
- in the case of the second alternative, the Borrower Insurance Proceeds Instructions do not entail that insurance proceeds should be paid to the Issuer,

and, in either scenario, (i) in the case of Insurance Companies other than the Savings Insurance Companies, no beneficiary waiver agreement as described above will be entered into with the relevant Insurance Company and/or (ii) the relevant Borrowers, Second Beneficiaries and/or (other) beneficiaries do not co-operate as described above, then the proceeds under the relevant insurance policies could, as the case may be, either be paid to:

- the Seller, in which case the Seller will be obliged to on-pay the proceeds to the Issuer or the Security Trustee, as the case may be. If the Seller breaches such payment obligation, for example because the Seller is subject to an Insolvency Proceeding, this may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable and in a Deduction Risk; or
- the Second Beneficiary or the (other) beneficiary, which may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable.

### **Interest reset rights**

The Issuer has been advised that it is uncertain whether any interest reset right will transfer to the Issuer with the assignment of the relevant Mortgage Receivable. If such interest reset right remains with the Seller despite the assignment, this means that in case the Seller becomes subject to a Dutch Insolvency Proceeding, the co-operation of the liquidator in insolvency would be required to reset the interest rates (unless such right is transferred to the Issuer prior to the Dutch Insolvency Proceeding taking effect, but this may require the co-operation of the Borrower).

### **Construction Deposits**

Certain Mortgage Receivables result from the Mortgage Conditions under which the relevant Borrower has requested part of the loan to be disbursed into a blocked deposit account, specifically opened in his name for such purpose, in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Mortgaged Asset. The intention is that when the applicable conditions are met, the Construction Deposit is applied towards the relevant construction or improvement costs of the Borrower

and/or in repayment of the relevant part of the Mortgage Loan. In the Mortgage Receivables Purchase Agreement it is agreed that in cases as abovementioned, the full Mortgage Receivable will be transferred to the Issuer. The Construction Deposits are held with the Seller. There is a risk that the Seller becomes subject to an Insolvency Proceeding and that the Seller cannot pay out the Construction Deposits. If this happens a Borrower may be allowed to set off his receivable in respect of the Construction Deposit against the related Mortgage Receivable.

The Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit, if applicable. Such amount will be deposited in the Construction Deposit Account. On each Notes Payment Date the Issuer will pay any remaining part of an Initial Purchase Price to the Seller following distribution by the Seller of a corresponding part of the relevant Construction Deposit to the relevant Borrower.

Pursuant to the relevant Mortgage Conditions, each Construction Deposit must be paid out within 24 months. After such period, any remaining part of the relevant Construction Deposit will either (i) be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Seller or (ii) if the remaining part of the relevant Construction Deposit exceeds EUR 1,000 or, if the relevant Mortgage Loan has the benefit of an NHG Guarantee, EUR 2,500, be set-off against the Mortgage Loan, up to the amount of the remaining part of the relevant Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in respect of the relevant Mortgage Receivable and any amount equal to such part of the Initial Purchase Price will be transferred from the Construction Deposit Account into the Issuer Collection Account and be credited to the Redemption Ledger.

#### **Risk that the mortgage rights on long lease cease to exist**

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

A long lease will, among other things, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschieten*) other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, among other things, be determined by the conditions of the long lease and may be less than the market value of the long lease. The long lease also terminates when the leaseholder gets full legal title to the property (*vermenging*). In such event the Mortgage will remain in effect but on execution only a long lease can be sold (not the full legal title due to the *nemo plus* rule). The replacement of the landowner may have an adverse effect on the market value of the long lease.

In cases where a mortgage is vested on long lease, a paragraph is added to the relevant mortgage deed, providing that the relevant loan becomes immediately due and payable in the event the long lease is terminated or the leaseholder has not paid the remuneration or seriously breaches other obligations under the long lease. When underwriting a loan to be secured by a mortgage on a long lease, the Seller has taken into consideration the conditions of the long lease, including the term thereof in comparison to the proposed term of the loan.

#### **Risks of losses associated with declining values of Mortgaged Assets and/or Mortgage Receivables**

The security created in favour of the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets or a decline in the market value of the Mortgage Receivables. Currently the Dutch housing market is experiencing declining values of Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. In addition, a forced sale of the Mortgaged Assets will in most cases, compared to a private sale, result in lower proceeds of the Mortgaged Assets and/or Mortgage Receivables. A decline in value may result in losses to the Noteholders if such security is required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

### **Underwriting guidelines may not identify or appropriately assess repayment risks**

The Seller has represented to the Issuer and the Security Trustee that, when originating Mortgage Loans it did so in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines by way of manual overrules. The guidelines may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Seller's underwriting guidelines in originating a Mortgage Loan, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk.

### **Limited recourse to the Seller**

Neither the Issuer nor the Security Trustee will undertake any investigations, searches or other actions on any Mortgage Receivable and will rely instead on the representations and warranties given in the Mortgage Receivables Purchase Agreement by the Seller in respect of the Mortgage Receivables.

There is no further recourse to the Seller in respect of a breach of a representation or warranty. There is no recourse to the assets of the Seller if an Event of Default occurs.

The Mortgage Receivables Purchase Agreement provides that if at any time after the Signing Date (or relevant Transfer Date as the case may be) any Mortgage Receivables Warranty proves to have been untrue or incorrect in any material respect, the Seller shall within 14 calendar days of receipt of written notice thereof from the Issuer (i) remedy such breach or (ii) repurchase and accept re-assignment of the relevant Mortgage Receivable on the immediately succeeding Mortgage Collection Payment Date.

### **Changes to tax deductibility of interest may result in an increase of defaults**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income.

The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties (primary residence). Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called Additional Borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realises a profit on the sale of his old home, the home owner is considered to invest this net profit into the new home. Broadly speaking, the net profit is deducted from the value of the new home and mortgage loan interest deductibility is limited to the interest that relates to a maximum loan equal to the value of the new home less the net profit of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortise over 30 years or less and are being amortised on at least an annuity basis and are actually paid off complying with a statutory formula.

In addition to these changes further restrictions on the ductibility are proposed. On 29 October 2012 the coalition agreement (*Regeerakkoord*) was published, in which it is proposed to gradually reduce the income tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility would be reduced from 52% to 42% in 20 years, so a 0.5%-point reduction per year.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of borrowers to repay their Mortgage Receivables. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans, see also the paragraph named *Yield and prepayment risk* above. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see also the paragraphs named *Risks of Losses associated with declining values of Mortgaged Assets and/ or Mortgage Receivables* above.

## **Effect of deductibility and prepayment penalties on Mortgage Loans**

Any other or further change to such deductibility and the right to deduct mortgage loan interest payments may among other things have an adverse effect on house prices and the rate of recovery on mortgage loans and, also depending on whether changes will be proposed to the treatment of existing mortgage loans, may result in an increase of defaults and/or an increase or decrease of prepayments and repayments. There can be no assurance that the currently proposed changes in tax deductibility will be implemented as proposed and/or whether or not other further changes will be implemented. In addition, the fiscal incentives mentioned above resulted in a tendency amongst borrowers to opt for products that do not directly involve principal repayment. The most common mortgage loan types in The Netherlands are interest-only, linear, savings, life and investment mortgage loans or a combination of these types. Under the interest-only, savings, life and investment types of mortgage loans no principal is repaid during the term of the contract. Instead, save in the case of interest-only mortgage loans, the Borrower makes payments into a savings account, towards endowment insurance or into an investment fund. Upon maturity, amounts available pursuant to the savings account, the insurance contract or the investment fund are applied to repay the mortgage loans.

Prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in The Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. Lower rates of prepayment may lead to slower repayments of the principal amount outstanding of mortgage loans in The Netherlands. As a result, the exposure of the Issuer to the Borrowers of the Mortgage Loans tends to remain high over time and the Issuer will have a similar position following the acquisition of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement.

## **Defaulted Mortgage Receivables**

The ability of the Issuer to repay the full amount under the Notes will depend on, among other things, the proceeds of the Mortgage Receivables. Borrowers may default on their obligations due under the Mortgage Receivables. Defaults may occur for a variety of reasons. The Mortgage Receivables are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Mortgage Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (*faillissementen*) of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Mortgage Receivables. In addition, the ability of a Borrower to sell a Mortgaged Asset at a price sufficient to repay the amounts outstanding under that Mortgage Receivable will depend upon a number of factors, including the availability of buyers for that Mortgaged Asset, the value of that Mortgaged Asset and property values in general at the time.

## **Risks related to NHG Guarantees and Municipality Guarantee**

Certain of the Mortgage Receivables have the benefit of an NHG Guarantee or a Municipality Guarantee. Pursuant to the terms and conditions of the NHG Guarantee and the Municipality Guarantee, Stichting WEW or the relevant municipality, respectively, has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee or the Municipality Guarantee, as the case may be. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is secured by an NHG Guarantee or a Municipality Guarantee that:

- (i) the Municipality or NHG Guarantee, as the case may be, is granted for the full amount of the relevant Mortgage Receivable outstanding at origination, and constitutes legal, valid and binding obligations of Stichting WEW or the relevant municipality (*gemeente*), enforceable in accordance with such NHG Guarantee's terms or Municipality Guarantee's terms;
- (ii) (a) in the case of an NHG Guarantee, all terms and conditions (*Voorwaarden en Normen*) applicable to the NHG Guarantee at the time of origination of the related Mortgage Loans were

complied with or (b) in the case of a Municipality Guarantee, all conditions (*voorwaarden*) set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled; and

- (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee or Municipality Guarantee, if applicable, in respect of the relevant Mortgage Receivable should not be met in full and in a customary manner.

Furthermore, if a Mortgage Receivable no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Issuer Administrator or the Servicer, and, as a consequence thereof, such Mortgage Receivable would not meet the Eligibility Criteria, if tested at that time, then the Seller is obliged under the Mortgage Receivables Purchase Agreement to purchase and accept a reassignment of the relevant Mortgage Receivable on the next Mortgage Collection Payment Date in accordance with the Mortgage Receivables Purchase Agreement.

The terms and conditions of a Municipality Guarantee and NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Receivable can be different. This may result in the lender not being able to fully recover any loss incurred with Stichting WEW or the relevant municipality under the Municipality or NHG Guarantee and consequently, in a Realised Loss.

Although the Credit Rating Agencies give credit to the existence of the NHG Guarantees and Municipality Guarantees in respect of the relevant Mortgage Loans in assigning credit ratings to the Class A Notes because of the perceived lower risks associated with such Mortgage Loans, the levels of credit enhancement applied to the Class A Notes achieved the same credit ratings as if no benefit was given to such Mortgage Loans in the Initial Portfolio at the time the credit rating is assigned.

#### **Credit rating of the State of The Netherlands**

The credit rating given to the Notes by the Credit Rating Agencies is based in part on modelling which takes into account any NHG Guarantee and Municipality Guarantee granted in connection with the Mortgage Loans. NHG Guarantees and Municipality Guarantees are backed by the State of The Netherlands (see section 6.5 (*NHG Guarantee Programme*)). In the event that (i) the credit rating assigned to the State of The Netherlands is lowered by a Credit Rating Agency, or (ii) Stichting WEW, if it has a credit rating assigned to it, has that credit rating lowered by a Credit Rating Agency, this may result in a review by the Credit Rating Agencies of the credit rating ascribed to the Notes and could potentially result in a downgrade to the credit rating of the Notes.

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

As further described in section 6.3 (*Origination and Servicing by Originator*), valuations of the Mortgaged Assets have been obtained in the form of valuations by a qualified Dutch surveyor, valuations by the Dutch tax authorities in the context of the WOZ or contracts for construction/brochure price.

In general, a valuation represents the analysis and opinion of the person undertaking the valuation at the time that the relevant valuation is prepared. The valuation is not a guarantee, indication or assurance of the present or future value of any relevant Mortgaged Asset. There can be no assurance that a different person valuing any of the Mortgaged Assets would have arrived at the same or similar valuation attributable to the Mortgaged Asset associated with the Mortgage Receivable, even if such different person used the same approach and/or methodology to value such Mortgaged Asset.

Also, there is a risk that the valuation amounts determined in relation to a property, regardless of the type of valuation obtained, could be significantly higher than the actual amount recoverable from the sale of a property under a distressed or liquidation sale. In addition, in many real estate markets property values have declined since the time that the underlying valuations were obtained. Therefore, any underlying valuations of Mortgaged Assets may not be a true and accurate reflection of the current market value of such Mortgaged Assets. No revaluation of the Mortgaged Assets has taken place for the purpose of the issuance of the Notes.

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

## 2.6 SERVICING

The Servicer will be permitted to sub contract its servicing role to a third party servicer subject to any applicable conditions in the Servicing Agreement.

By acquiring the Mortgage Receivables, the Issuer is deemed to provide consumer credit, which is a licensable activity under the Wft. The Issuer can rely on an exemption from this licence requirement, if the Issuer outsources the servicing of the Mortgage Receivables and the administration thereof to an entity which is adequately licensed under the Wft to act as consumer credit provider or intermediary and which complies with certain information duties towards the Borrowers. Pursuant to the Servicing Agreement, the Issuer outsources the servicing and administration of the Mortgage Receivables to the Servicer. In the Servicing Agreement, the Servicer represents and warrants that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Servicer has covenanted that it shall only engage any sub contractor with due observance of the applicable rules under the Wft. If the Servicing Agreement is terminated, the Issuer will need to appoint a substitute Servicer which must be adequately licensed in order for the Issuer to keep the benefit of exemptive relief. Alternatively, the Issuer needs to obtain a licence itself. The Servicing Agreement stipulates that the Servicer may only terminate the Servicing Agreement if a substitute Servicer is appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

If an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement which is continuing, then the Issuer and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a substitute servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering residential mortgage loans would be found who would be willing and able to service the Mortgage Receivables on the terms of the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the ability of the Issuer to make payments under the Notes. If the Servicer ceases to be assigned at least the Requisite Credit Rating, then the Servicer will, upon request of the Security Trustee, use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a third party in such form as the Security Trustee shall reasonably require.

The Servicer does not have (or will not have, as applicable) any obligation itself to advance payments that Borrowers fail to make in a timely fashion. Noteholders will have no right to consent to or approve of any actions taken by a Servicer under a Servicing Agreement.

The Security Trustee is not obliged in any circumstances to act as a Servicer or to monitor the performance by any Servicer of its obligations.

## **2.7 GENERAL**

### **Forecasts and Estimates**

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

### **Different Capacities**

ING acts in different capacities under the Transaction Documents, including as Issuer Account Bank, Issuer Administrator, Arranger, Lead Manager, Seller, Paying Agent, Servicer, Swap Counterparty and as purchaser of the Retained Notes. ING in acting in such capacities in connection with such transactions shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

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

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

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

##### **Introduction**

The issuer of the Notes is Orange Lion 2013-9 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce (*Kamer van Koophandel*) in Amsterdam, The Netherlands under number 5794769. The telephone number of the Issuer is +31 20 577 1177.

The Issuer has been incorporated on 8 February 2013 as a special purpose vehicle for the purpose of purchasing the Mortgage Receivables, entering into and performing its obligations under the Transaction Documents and issuing the Notes.

##### **Principal Activities**

The objects clause in the Issuer's articles of association allows the Issuer to carry out the following activities:

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

The Issuer may do all such further acts that are related to the above or that are conducive thereto.

The Issuer has not engaged since its incorporation, and will not engage whilst the Notes remain outstanding, in any material activities other than activities which are incidental or ancillary to the foregoing as set out below under the paragraph "Issuer covenants".

##### **Issuer Share Capital**

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

##### **Director**

The Issuer will enter into the Issuer Management Agreement with ATC Management B.V. as Director on or around the date hereof, pursuant to which the Director agrees to provide corporate services to the Issuer. The Issuer Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Issuer may terminate the Issuer Management Agreement with a notice period of 14 calendar days and the Issuer's Director may retire from its obligations under the Issuer Management Agreement by giving at least two months' notice in writing to the Issuer, all subject to the letter of

undertaking to be dated on or about the date hereof between, among others, the Issuer, the Director and the Security Trustee. In such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Issuer Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Issuer. The following table sets out the Director and its business address and occupation.

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
ATC Management B.V.	Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands	Corporate Services Provider

There is no potential conflict of interests between any duties to the Issuer of the Director and its private interests or other duties.

### **Audit Committee**

The Issuer has not instituted an audit committee, because it benefits from an exemption as stated in Article 3 paragraph d of the Decree of 26 July 2008 implementing Article 41 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of financial statements and consolidated financial statements. There is no reason to institute such a committee because the Issuer believes that the Issuer's Noteholders, being the only material creditors of the Issuer, will be adequately informed in respect of their risks through the mechanisms set out in this Prospectus.

### **Financial Statements**

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when published, can be obtained at the specified offices of the Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2013. The annual financial statements of the Issuer will be audited. The Issuer will not prepare interim financial statements.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as at the date of this Prospectus, as adjusted to give effect to the issue of the Notes:

#### *Share Capital*

Authorised Share Capital: EUR 100

Issued Share Capital: EUR 100

#### *Borrowings and Initial Participations*

Class A Notes: EUR 1,365,000,000

Class B Notes: EUR 64,970,000

Class C Notes: EUR 42,900,000

Initial Participations: EUR 36,255,577.56

### **Issuer covenants**

In the Trust Deed the Issuer has covenanted that it will not, save with the prior written consent of the Security Trustee or as envisaged by the Transaction Documents:

- (a) carry on any business or enter into any documents;

- (b) sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same;
- (c) grant, create or permit to exist any mortgage, charge, pledge, lien or other encumbrance or security interest howsoever created or arising (other than the Security and any mortgage, charge, pledge, lien or other encumbrance or security interest arising by operation of law and in the ordinary course of business) over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) the assets of the Issuer;
- (d) pay dividends or make other distributions to its members out of profits available for distribution, and then only in the manner permitted by its articles of association (*statuten*) and by Dutch law;
- (e) incur or permit to subsist any indebtedness whatsoever;
- (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;
- (g) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares other than those issued to the Shareholder upon its incorporation;
- (h) merge with any other person and not enter into any demerger, amalgamation, consolidation or corporate reorganisation or transfer its business to any other person;
- (i) have any employees or premises or have any subsidiary undertaking or become a director of any company;
- (j) have an interest in any bank account other than the Issuer Accounts unless such account or interest is pledged to the Security Trustee on terms acceptable to it, except for any collateral account held in the name of the Issuer in connection with the Swap Agreement;
- (k) amend, supplement or otherwise modify its articles of association (*statuten*) or
- (l) commence a voluntary case or other proceeding seeking liquidation, reorganisation or other relief with respect of its debts under any law or seeking the appointment of a (bankruptcy) receiver, trustee, custodian, conservator or other similar person for it or for all or any substantial part of its assets and shall not consent to any such relief on to the appointment of or taking possession by any (bankruptcy) receiver, trustee custodian, conservator or other similar person in an involuntary case or other proceeding commenced against the Issuer.

## 3.2 SHAREHOLDER

### Introduction

Stichting Holding Orange Lion 2013-9 RMBS (the "**Shareholder**") is a foundation (*stichting*) established under Dutch law on 7 February 2013.

### Principal Activities

The objects of Stichting Holding Orange Lion 2013-9 RMBS are, *among other things*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of such shares.

### Director

ATC Management B.V. is also the Director of the Issuer.

The sole managing director of Stichting Holding Orange Lion 2013-9 RMBS is ATC Management B.V. having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

ATC Management B.V. in its capacity as managing director of Stichting Holding Orange Lion 2013-9 RMBS will enter into a management agreement with the Shareholder. The Shareholder Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Shareholder may terminate the Shareholder Management Agreement with a notice period of 14 calendar days and the Director may retire from its obligations under the Shareholder Management Agreement by giving at least two months' notice in writing to the Issuer, all subject to the letter of undertaking to be dated on or about the date hereof between, among others, the Issuer, the Director and the Security Trustee. In such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Shareholder Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Shareholder.

### 3.3 SECURITY TRUSTEE

#### Introduction

The Security Trustee under the Trust Deed is Stichting Trustee Orange Lion 2013-9 RMBS, a foundation (*stichting*) established under Dutch law on 7 February 2013. It has its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and is registered with the Commercial Register of the Chamber of Commerce of Amsterdam, The Netherlands under number 57187274.

#### Principal Activities

The objects of the Security Trustee are:

- (a) to act as agent and/or trustee in favour of holders of notes issued by Orange Lion 2013-9 RMBS B.V. as well as other creditors of Orange Lion 2013-9 RMBS B.V.;
- (b) to obtain security rights as agent and/or trustee and/or for itself;
- (c) to perform (legal) acts including accepting the parallel debt of Orange Lion 2013-9 RMBS B.V. in order to hold the security rights referred to under (b);
- (d) to manage, hold and enforce the security rights mentioned under (b);
- (e) to borrow or raise money; and
- (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

#### Directors

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

Notwithstanding anything to the contrary in the Transaction Documents, the Security Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Transaction Documents save in relation to its own gross negligence, wilful default or fraud.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Security Trustee or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full.

However, the holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Security Trustee. Furthermore, the Director and the Security Trustee may jointly terminate the Security Trustee Management Agreement in writing with due observance of a notice period of at least 60 calendar days, or, if earlier, until the removal, resignation or dismissal of the Trustee Director in accordance with the articles of association of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed. The Security Trustee Management Agreement provides that no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Credit Rating Agencies and the Noteholders.

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor, concur with the Issuer and any other relevant parties in making:

- (i) any modification to these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver, provided however that the Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document in certain circumstances set out in the Conditions and in case of a waiver related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents. See section 4.1 (*Terms and Conditions of the Notes*).

### 3.4 SELLER / ORIGINATOR

#### ING BANK N.V.

##### Profile

ING Groep N.V. is the holding company for a broad spectrum of companies, offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. Originating from The Netherlands, ING has a workforce of about 97,000 people worldwide. ING Groep N.V. holds all shares of ING, which is a non-listed 100% subsidiary of ING Groep N.V. On 26 October 2009 ING announced a new strategic direction. It will separate its banking operations and insurance operations (including investment management operations) and develop towards a mid-sized international bank, anchored in The Netherlands and Belgium, and predominantly focused on the European retail market with selected growth options elsewhere. On the same date, ING Groep N.V. announced that all insurance operations (including investment management operations) would be divested over the following four years. ING Groep N.V. conducts its banking operations principally through ING and its insurance operations (including investment management operations) principally through ING Verzekeringen N.V. and its subsidiaries ("**ING Insurance**").

ING is a large international player with an extensive global network in over 40 countries. It has leading banking positions in its home markets of The Netherlands, Belgium and Luxembourg Germany and Poland. Furthermore, ING has key positions in other Western, Central and Eastern European countries and Turkey. This is coupled with options outside Europe which will give ING interesting growth potential in the long term. Since 1 January 2011, ING has been operating as a stand-alone business.

With about 70,000 employees, ING is active through the following business lines: Retail Banking, including ING Direct, and Commercial Banking.

Retail Banking provides retail and private banking services to individuals and small and medium-sized enterprises in The Netherlands, Belgium, Luxembourg, Poland, Romania, Turkey, India, Thailand and China (through a stake in Bank of Beijing) and to customers in the ING Direct countries Spain, Australia, France Italy, Germany, the UK<sup>1</sup> and Austria. Retail Banking is converging to one retail model. It offers a limited number of easy and transparent products at low costs, focussing on the business model "direct if possible, advice when needed".

Commercial Banking is a leading commercial bank in the Benelux with a strong position in Central & Eastern Europe, supporting the domestic economy. It is a leader in specialised finance and financial markets and has an extensive global network – with special focus in Europe – spanning over 40 countries to support its clients. Commercial Banking supports the banking needs of its corporate and institutional clients. Its clients are mid-sized enterprises, large corporations, multinationals, financial institutions, governments and supranational organisations. Their needs vary from financing their growth, managing their day-to-day banking needs or delivering solutions to manage risks. Commercial Banking provides them with a range of basic banking services like lending, payments and cash management and treasury. Commercial Banking also offers tailored solutions like specialised and trade finance, corporate finance, debt and equity capital markets, leasing and factoring.

##### Incorporation and history

ING was incorporated under Dutch law in The Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank N.V. ("**NMB Bank**").

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensured a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remained legally

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<sup>1</sup> On 9 October 2012, ING announced that it had reached an agreement to sell ING Direct UK to Barclays.

separate. After interim changes of names the statutory names of the above mentioned companies were changed into ING Groep N.V., ING and ING Verzekeringen N.V. on 1 December 1995.

The registered office of ING is at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands (telephone number: +31 20 5649111). ING is registered at the Chamber of Commerce of Amsterdam under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING were last amended by notarial deed executed on 30 December 2009. According to its articles of association, the objects of ING are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of and provide services to other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company, ING is not bound by the Dutch Corporate Governance Code. ING Groep N.V., as the listed holding company of ING is in compliance with the Dutch Corporate Governance Code.

### **Transactions with the Dutch State**

On 12 November 2008 ING Groep N.V. issued 1 billion Core Tier 1 Securities to the Dutch State against payment of EUR 10 per Core Tier 1 Security resulting in an increase of ING Groep N.V.'s core Tier 1 capital of EUR 10 billion. The Core Tier 1 Securities do not form part of ING Groep N.V.'s share capital; accordingly they do not carry voting rights in the General Meeting.

On 26 January 2009 ING Groep N.V. reached an agreement with the Dutch State regarding the Illiquid Assets Back-Up Facility covering 80% of ING's Alt-A residential mortgage-backed securities (RMBS). During 2009 ING issued various series of Government Guaranteed Bonds under the Credit Guarantee Scheme of The Netherlands in an aggregate total amount of approximately EUR 10 billion.

As part of these transactions, certain arrangements with respect to corporate governance and executive remuneration were agreed with the Dutch State which will remain in place as long as the Dutch State owns at least 250 million Core Tier 1 Securities, as long as the Illiquid Assets Back-Up Facility continues or any of the Government Guaranteed Bonds is outstanding (whichever expires last).

These arrangements entail that:

- the Dutch State may recommend two candidates (the "**State Nominees**") for appointment to the Supervisory Board of ING Groep N.V. Certain decisions of the Supervisory Board of ING Groep N.V. require approval of the State Nominees;
- ING Groep N.V. will develop a sustainable remuneration policy for its Executive Board and senior management that is aligned to new international standards. This remuneration policy, which has been adopted by the General Meeting, shall include incentive schemes which are linked to long-term value creation, thereby taking account of risk and restricting the potential for 'rewards for failure'. The new remuneration policy also shall include objectives relating to corporate and social responsibility;
- members of the Executive Board of ING Groep N.V. will not receive any performance-related payment – either in cash, options, shares or depositary receipts for shares – for the years 2008, 2009 and subsequent years until the adoption of the new remuneration policy mentioned above;
- severance payments to members of the Executive Board of ING Groep N.V. will be limited to a maximum of one year's fixed salary, in line with the Dutch Corporate Governance Code; and
- appointment of the chief executive officer of the Executive Board of ING Groep N.V. requires approval of the State Nominees.

### **Repaying the Dutch State**

In October 2008 and January 2009 ING entered into transactions with the Dutch State: the first time to strengthen its capital position and the second time to mitigate risk. In the fourth quarter of 2009 ING took action to start repaying this support. Through its rights issue ING successfully raised EUR 7.5 billion of

new capital, which enabled it to repay EUR 5 billion of the Core Tier 1 Securities, representing half of the Core Tier 1 Securities, plus accrued coupon from 12 May 2009 to 20 December 2009 of EUR 259 million and a repayment premium of EUR 346 million. In addition, the capital raised provided ING with sufficient buffer to offset the negative capital impact of the additional payments to be made for the Illiquid Assets Back-up Facility.

ING announced on 7 March 2011 that it had informed the Dutch State of its intention to exercise its option for early repurchase of a further EUR 2 billion of the Core Tier 1 Securities at the next coupon reset date on 13 May 2011.

On 13 May 2011 ING announced that it had paid EUR 3 billion to the Dutch State, completing its planned repurchase of EUR 2 billion of the Core Tier 1 securities issued in November 2008 at a 50% premium. ING has funded this transaction from retained earnings. This latest repayment of EUR 3 billion of capital support to the Dutch State was an important milestone in ING's efforts to do business successfully without the financial aid of the Dutch State. The total amount repaid on the Core Tier 1 Securities to the Dutch State by the end of 2011 was EUR 7 billion in principal, out of the total capital support provided of EUR 10 billion. Including interest and premium, the payments made to the Dutch State by the end of 2011 reached a total of EUR 9 billion.

ING announced on 21 November 2012 that it had paid EUR 1.125 billion to the Dutch State, including a EUR 750 million repayment of core Tier 1 securities and EUR 375 million in premiums and interest. This payment was approved by the Dutch Central Bank ("**DNB**"). After such payment, the transaction brings the total paid to the Dutch State to EUR 10.2 billion including EUR 7.8 billion in principal and EUR 2.4 billion in interest and premiums.

ING remains committed to repaying the Dutch State as quickly as possible on terms acceptable to all stakeholders. Ideally, ING would like to complete the state repayment as soon as possible, however, given the ongoing crisis in the eurozone and increasing regulatory capital requirements, ING needs to take a cautious approach and to maintain strong capital ratios in ING as it builds towards Basel III.

### **ING's appeal against the EC decision**

In January 2010, ING filed an appeal with the General Court of the European Union against specific elements of the European Commission's decision of 18 November 2009 which approved the state aid received and ING's Restructuring Plan. ING requested the Court to annul the decision of the European Commission insofar:

- as it states that the agreement between ING and the Dutch State concerning a reduction of the repayment premium for the first EUR 5 billion tranche of Core Tier 1 Securities leads to additional state aid of EUR 2 billion;
- as the Commission has subjected the approval of the state aid to the acceptance of price leadership bans; and
- as the Commission has subjected the approval of the state aid to restructuring requirements that go beyond what is proportionate.

The Dutch State joined ING in 2010 in its appeal with the General Court to contest the EC decision insofar as it qualifies the core Tier 1 amendment as additional state aid. The Dutch Central Bank joined in the proceedings in support of ING's appeal. The ruling of the EU General Court was issued on 2 March 2012. The European Commission has lodged an appeal against the EU General Court's judgment with the Court of Justice of the European Union, which it announced on 11 May 2012. ING filed an appeal with the EU General Court on 24 July 2012 against the European Commission's decision of 11 May 2012. On 19 November 2012, ING announced that, together with the Dutch State, it has reached an agreement with the European Commission on significant amendments to the 2009 Restructuring Plan. For more details on the agreement, including a description of these amendments, see the press release published by ING on 19 November 2012 entitled "ING reaches agreement on amended EC Restructuring Plan", which can be found on the external website: <http://www.ing.com/Our-Company/Press-room/Press-release-archive/PressRelease/ING-reaches-agreement-on-amended-ECRestructuring-Plan.htm>. As a result of the agreement, the European Commission will close its formal investigations as announced on 11 May 2012. ING will withdraw the appeal at the General Court of the European Union that it filed in July 2012. For

principal legal reasons the European Commission will continue with its appeal against the General Court's ruling of March 2012. However, ING, the Dutch State and the European Commission have agreed that any outcome of this procedure will not affect the aforementioned agreement

### **Separation process on schedule**

ING continued to work towards the full physical and organisational separation of the banking and insurance/investment management activities. In 2011 ING laid the groundwork for the original base case of two IPOs (initial public offerings) of its insurance and investment management activities: one for ING's U.S. operations and one for its European and Asian activities. However, on 12 January 2012 ING announced an update on the restructuring of the insurance and investment management businesses. Due to the uncertain economic outlook and volatile markets, especially in Europe, ING has decided to review other strategic options for its Asian insurance and investment management businesses. For the European insurance/ investment management businesses, ING is continuing preparations for a stand-alone future, including the possibility of an IPO. And ING is continuing to prepare for the base case of an IPO for the U.S. insurance/investment management businesses. ING is committed to conducting these processes with the utmost diligence in the interests of all stakeholders, including customers, employees, distribution partners and shareholders.

The separation process of ING and ING Insurance/Investment Management (IM) has been a massive undertaking, entailing more than 1,100 projects. It was set up as a four-year programme, running from early 2010 through to the end of 2013. Operational separation was achieved as of 1 January 2011; since then, approximately 90% of the planned full separation projects have been completed. The full separation of ING Insurance U.S. and ING Insurance Eurasia was well underway in 2011. Separation costs for 2011 were about EUR 200 million, well within the budgeted amount of EUR 250 million after tax. This reflects the cost-efficient way in which the separation was handled. Only a small number of projects were carried over from 2011 to 2012 and are expected to be resolved in the first quarter of 2012. In addition, ING will finalise a couple of large longer-term IT projects.

On 12 January 2012 ING announced an update on the restructuring plans of the Group. Since November 2010 ING has been preparing its Insurance and Investment Management businesses for the base case of two IPOs – one for the US business and one for the European and Asian businesses. However, due to uncertain economic outlook and turbulent financial markets, ING revised the base case for divestment of Insurance and Investment Management EurAsia. ING announced that it will explore other options for its Asian Insurance/IM businesses. ING will continue preparations for a standalone future of the European Insurance/IM, including an IPO. ING also continues to prepare for the base case of an IPO for the US Insurance/Investment Management business.

### **Divestments and acquisitions**

#### *Acquisitions effective in 2011*

There were no significant acquisitions in 2011.

#### *Divestments effective in 2011*

In July 2011 ING announced the completion of the sale of Clarion Real Estate Securities (CRES) to CB Richard Ellis. The sale resulted in a net gain on divestment of EUR 182 million. CRES was previously included in the segment ING Real Estate.

In October 2011 ING announced that it had completed the sale of REIM's Asian and European operations to US-based CBRE Group Inc., thereby completing the divestment of ING REIM. The divestment of ING REIM has resulted in an after-tax gain on disposal of approximately EUR 245 million. As a result of the agreement at closing ING continues to have certain contingent income and expenses, however no significant impact on the result on divestment is expected. REIM's Asian and European operations were previously included in the segment ING Real Estate.

#### *Clarion Partners*

In June 2011 ING announced the completion of the sale of the private market real estate investment manager of its U.S. operations, Clarion Partners, to Clarion Partners management in partnership with

Lightyear Capital LLC for USD 100 million. The sale resulted in a net gain on divestment of EUR 39 million. Clarion Partners was previously included in the segment ING Real Estate.

#### *ING Car Lease*

In September 2011 ING completed the sale of ING Car Lease to BMW Group fleet management division Alphabet for total proceeds of EUR 696 million and a net transaction result of EUR 347 million. ING Car Lease was previously partly included in both the Commercial and Retail Banking segment.

#### ***Divestments occurring in 2012***

##### *ING Direct USA*

In June 2011 ING announced that it reached an agreement to sell ING Direct USA to Capital One Financial Corporation, a leading US-based financial holding company. In February 2012 ING announced that the transaction closed. Total proceeds of the transaction are approximately USD 9.0 billion (or approximately EUR 6.9 billion), including USD 6.3 billion in cash and USD 2.7 billion in the form of 54.0 million shares in Capital One, based on the share price of USD 49.29 at closing on February 16, 2012. These shares represented a 9.7% stake in Capital One at closing. The transaction has resulted in a positive result after tax of approximately EUR 0.5 billion.

In 2011 ING Direct USA was still included in the segment ING Direct. After this sale ING Direct USA will no longer be consolidated.

In connection with the divestment of ING Direct USA, ING also completed the adjustment of the agreement with the Dutch State concerning the structure of the Illiquid Assets Back-up Facility (IABF) which was also announced on June 16, 2011. The amendment serves to de-link the IABF from ING Direct USA by putting ING in its place as counterparty for the Dutch State. The IABF is further amended to ensure a continued alignment between ING and the Dutch State regarding exposure to the Alt-A portfolio. Only the part of the IABF covering ING Direct USA, currently approximately 85% of the total IABF-portfolio, is adjusted in the amendment. The ING Insurance part of the IABF remains unaltered.

On 9 October 2012, ING announced that it had reached an agreement to sell ING Direct UK to Barclays. The transfer of ING Direct UK's savings deposits and mortgages is subject to various regulatory approvals and is expected to close in the second quarter of 2013.

On 15 November 2012, the sale of ING Direct Canada to Scotiabank, announced on 29 August 2012, was completed with a net transaction gain of EUR 1.1 billion after tax. The total consideration for the transaction was CAD 3.1 billion with a total capital release for ING of EUR 1.3 billion.

### 3.5 **SERVICER**

The initial Servicer is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

### **3.6 ADMINISTRATOR**

The initial Issuer Administrator is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

### 3.7 OTHER PARTIES

<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). ATC Management B.V. is registered with the Chamber of Commerce of Amsterdam under number 33226415. Amsterdamsch Trustee's Kantoor B.V and is registered with Chamber of Commerce of Amsterdam under number 33001955.
<b>Swap Counterparty:</b>	ING.
<b>Issuer Account Bank:</b>	ING.
<b>Principal Paying Agent:</b>	ING.
<b>Arrangers:</b>	ING and J.P. Morgan.
<b>Lead Managers:</b>	ING and J.P. Morgan.
<b>Clearing Institution:</b>	Euroclear Netherlands.
<b>Listing Agent:</b>	ING.
<b>Credit Rating Agencies:</b>	Fitch and Moody's.
<b>Insurance Savings Participants:</b>	Nationale-Nederlanden Levensverzekering Maatschappij N.V. Algemene Levensherv verzekering Maatschappij N.V.
<b>Bank Savings Participant:</b>	ING.

## 4. THE NOTES

### 4.1 TERMS AND CONDITIONS OF THE NOTES

The Conditions are attached as a Schedule to the Trust Deed and will be incorporated by reference into each Definitive Note if permitted by Euronext Amsterdam or other relevant authority (if any) but, if not so permitted, such Definitive Note will have the Conditions endorsed thereon or attached thereto. A copy of the Conditions is set out below. Any amendments to the Conditions will be made by way of, and in accordance with the applicable requirements for, amendments to the Trust Deed. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See the section 4.2 (Form) of this Prospectus.

#### 1. General

- 1.1 The Issuer has agreed to issue the Notes subject to the terms of the Trust Deed.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Deed, and are deemed to have notice of all the provisions of the relevant Transaction Documents.
- 1.5 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and at the Specified Office of the Paying Agent, the initial Specified Office of which is set out below.

#### 2. Definitions

In these Conditions, defined terms have the meanings ascribed to them in Schedule 1 to the Incorporated Terms Memorandum, as amended from time to time (the "**Definitions**"). A copy of the Definitions is attached to these Conditions as Annex 1.

In addition, in these Conditions:

"**Extraordinary Resolution**" means, in relation to each class of Notes, a resolution at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders, by a majority of not less than three quarters of the votes cast.

#### 3. Form, Denomination and Title

- 3.1 **Form and Denomination:** The Notes are in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 thereafter without Coupons and Talons attached. Title to the Notes will pass by delivery.
- 3.2 **Title:** Under Dutch law, the valid transfer of Notes requires, among other things, delivery (*levering*) thereof, where applicable in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). The holder of any Notes shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

#### 4. Ranking

- 4.1 **Ranking:** The Notes in each class will at all times rank without preference or priority *pari passu* among themselves.
- 4.2 **Sole obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by any of the other parties to the Transaction Documents.

4.3 **Interest:** Interest on the Notes shall be payable in accordance with the provisions of Condition 7 (*Interest*) and Condition 10 (*Payments*), subject to the terms of these Conditions and the terms of the Trust Deed. If on any Notes Payment Date, the Issuer has insufficient Available Revenue Funds to pay all amounts then due and payable, it shall be under no obligation to pay any (default) interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remains unpaid as a result of there being insufficient Available Revenue Funds on any Notes Payment Date.

4.4 **Priority of Principal Payments:** Payments of principal on the Class A Notes will at all times rank in priority to payments of principal on the Class B Notes, in each case in accordance with the applicable Priority of Payments.

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the holders of the Class B Notes will not be entitled to any repayment of principal in respect of the Class B Notes. As from that date the Principal Amount Outstanding of the Class B Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

4.5 **Class C Notes:** Principal amounts due under the Class C Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments.

If on any Notes Calculation Date all interest and principal due and payable in respect of the Notes except for interest and principal amounts due and payable under the Class C Notes, have been paid or will be available for payment in full on the Notes Payment Date immediately following such Notes Calculation Date, then the Reserve Account Target Level will be reduced to zero. In such circumstances, all amounts standing to the credit of the Reserve Account will be credited to the Income Ledger upon deposit of the same in the Issuer Collection Account and form part of the Available Revenue Funds and will be available to redeem or partially redeem the Class C Notes until the earlier of (i) the Class C Notes are fully redeemed in accordance with the Revenue Priority of Payments and (ii) if the Available Revenue Funds is insufficient to repay the Principal Amount Outstanding and interest payable in relation to such Class C Notes, the date on which the Issuer has no further rights under or in connection with any of the Transaction Documents, in which case no Class C Noteholder shall have any further claim against the Issuer for any amount of shortfall in principal or interest.

## 5. Security

5.1 **Security:** The Notes shall have the benefit of the Security which has been granted to the Security Trustee as security for the Secured Obligations owed to the Security Trustee (including the Parallel Debt).

5.2 **Parallel Debt:** The Noteholders are deemed to have acknowledged, and are bound by, without limitation, Clause 2.4 (*Parallel Debt*) of the Trust Deed.

5.3 **Enforceability:** The Security will become enforceable upon the delivery by the Security Trustee of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the matters referred to in Condition 13 (*Enforcement*), provided that any default (*verzuim*) in the proper performance of any of the Secured Obligations has occurred.

## 6. Issuer Covenants

The Issuer Covenants contain certain covenants in favour of the Security Trustee from the Issuer which, among other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the terms of the Trust Deed, including the Issuer Covenants.

## 7. Interest

7.1 **Accrual of Interest:** Each Class A Note bears interest on its principal amount outstanding from the Closing Date less the aggregate of all amounts of Note Principal Payments that have been paid by

the Issuer in respect of that Note on or prior to that date (the "**Principal Amount Outstanding**"). No interest will be payable on the Class B Notes or the Class C Notes.

7.2 **Cessation of Interest:** Each Class A Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition until whichever is the earlier of:

7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

7.2.2 the day which is seven calendar days after the Paying Agent or the Security Trustee has notified the Noteholders of such class that it has received all sums due in respect of the Notes of such class up to such seventh calendar day (except to the extent that there is any subsequent default in payment).

7.3 **Interest Rate:** Interest on the Class A Notes for each Notes Calculation Period (other than the first Notes Calculation Period immediately following the Closing Date) will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three months deposits in euro plus the Relevant Margin. The interest on the Class A Notes for the first Notes Calculation Period immediately following the Closing Date will accrue at a rate equal to 1.074 per cent per annum. "**Interest Rate**" means the rate of interest calculated in accordance with this Condition 7.

7.4 **Euribor:** For the purpose of Condition 7.3, Euribor will be determined as follows:

The Paying Agent will, on each date falling two Business Days prior to a Notes Payment Date, determine Euribor by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

(a) the arithmetic mean (rounded, if necessary, to the nearest 0.0001%, 0.00005% being rounded upwards) of the offered quotations, as at or about 11:00 a.m. (Amsterdam time) on that date, of the Reference Banks to leading banks for euro deposits for the length in months of the related Notes Calculation Period in the Amsterdam interbank market in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal Amsterdam office of each of the Reference Banks; or

(b) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or

(c) if, on such date, one only or none of the Reference Banks provide such a quotation,

(i) the arithmetic mean (rounded, if necessary, to the nearest 0.0001%, 0.00005% being rounded upwards) of the rates quoted, as at or about 11:00 a.m. (local time in Amsterdam) on the date falling two Business Days falling prior to the relevant Notes Payment Date, by leading banks in any EU Member State, to leading banks in the interbank market in the relevant EU Member State, for euro loans for the length in months of the related Notes Calculation Period in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal office in the principal financial centre of the relevant EU Member State of each such leading bank; or

(ii) if the Paying Agent certifies that it cannot determine such arithmetic mean as aforesaid, the Reference Rate in effect for the Notes Calculation Period current on the date falling two Business Days prior to a Notes Payment Date.

7.5 **Day Count Fraction:** Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in such period divided by 360.

- 7.6 **Calculation of Note Interest Amount:** Upon or as soon as practicable after each Notes Calculation Date, the Issuer shall calculate (or shall cause the Paying Agent to calculate) the Note Interest Amount payable on each Note for the related Notes Calculation Period.
- 7.7 **Interest Payments:** Interest on each Class A Note is payable in euro in arrears on each Notes Payment Date commencing on the first Notes Payment Date following the Closing Date, in an amount equal to the Note Interest Amount in respect of such Note for the Notes Calculation Period ending on the day immediately preceding such Notes Payment Date.
- 7.8 **Notification:** As soon as practicable after each date falling two Business Days prior to the Notes Payment Date, the Paying Agent will cause:
- 7.8.1 the Interest Rate for the related Notes Calculation Period;
- 7.8.2 the Note Interest Amount for the related Notes Calculation Period; and
- 7.8.3 the Notes Payment Date first following the related Notes Calculation Period,
- to be notified to the Issuer, the Issuer Administrator, the Security Trustee and, for so long as the Class A Notes are listed on Euronext Amsterdam, Euronext Amsterdam.
- 7.9 **Publication:** As soon as practicable after receiving each notification of the Interest Rate, the Note Interest Amount and the Notes Payment Date in accordance with Condition 7.8 (*Notification*) the Issuer will cause such Interest Rate, Note Interest Amount and the first following Notes Payment Date to be published in accordance with Condition 20 (*Notices*). The Issuer shall not be obliged to publish the Note Interest Amount but instead may publish only the Calculation Amount and the Note Interest Amount in relation to a Note having a denomination of EUR 100,000.
- 7.10 **Amendments to Publications:** The Interest Rate, the Note Interest Amount and the Notes Payment Date so published/notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Notes Calculation Period.
- 7.11 **Determination or Calculation by Security Trustee:** If the Paying Agent does not at any time for any reason determine the Interest Rate or the Note Interest Amount in accordance with this Condition, the Security Trustee may (but without any liability accruing to the Security Trustee as a result):
- 7.11.1 determine the Interest Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
- 7.11.2 calculate the Note Interest Amount for each relevant Class of Notes in the manner specified in this Condition,
- and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.
8. **Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation**
- 8.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition, the Issuer shall redeem the Notes in each class at their Notional Principal Amount Outstanding on the Final Maturity Date.
- 8.2 **Mandatory Redemption in part:** On each Notes Payment Date on which there are Available Principal Funds the Issuer shall, subject to Condition 4.4 (*Priority of Principal Payments*):
- 8.2.1 first, redeem (either in whole or in part) each Class A Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class A Note determined on the related Notes Calculation Date; and thereafter

8.2.2 second, redeem (either in whole or in part) each Class B Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class B Note determined on the related Notes Calculation Date.

On each Notes Payment Date on which there are Available Revenue Funds for such purpose, the Issuer shall, subject to Condition 4.5 (*Class C Notes*), and the Revenue Priority of Payments, redeem (either in whole or in part) the Class C Notes on such Notes Payment Date.

8.3 **Calculation of Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding:** On (or as soon as practicable after) each Notes Calculation Date, the Issuer shall calculate (or cause the Issuer Administrator to calculate):

8.3.1 the aggregate of any Note Principal Payment due in relation to each class on the Notes Payment Date immediately succeeding such Notes Calculation Date; and

8.3.2 the Principal Amount Outstanding and the Notional Principal Amount Outstanding of each Note in each class on the Notes Payment Date immediately succeeding such Notes Calculation Date (after deducting any Note Principal Payment due to be made on that Notes Payment Date in relation to such Note).

8.4 **Calculations final and binding:** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding and the Notional Principal Amount Outstanding of a Note of each class shall in each case (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) be final and binding on all persons.

8.5 **Security Trustee to determine amounts in case of Event of Default:** If the Issuer does not at any time for any reason calculate (or cause the Issuer Administrator to calculate) any Note Principal Payment, Principal Amount Outstanding or Notional Principal Amount Outstanding in relation to any Note in accordance with this Condition, such amounts may be calculated by the Security Trustee (without any liability accruing to the Security Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Issuer Administrator) and each such calculation shall be deemed to have been made by the Issuer.

8.6 **Redemption – Clean-Up Call Option:** The Issuer must redeem all (but not some only) of the Notes other than the Class C Notes at their Notional Principal Amount Outstanding on the first Notes Payment Date falling after the Notes Payment Date on which the Seller exercises the Clean-Up Call Option.

The Issuer shall give not more than 60 nor less than 14 calendar days notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each class other than the Class C Notes.

8.7 **Optional Redemption – Prepayment Call:** The Issuer may redeem all (but not some only) of the Notes at their Notional Principal Amount Outstanding on any Notes Payment Date that is an Optional Redemption Date, provided that prior to giving any notice as referred to below, the Issuer shall have provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem all (but not some only) of the Notes other than the Class C Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Revenue Priority of Payments and the Redemption Priority of Payments.

In both instances, the Issuer shall give not more than 60 nor less than 14 calendar days notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each class other than the Class C Notes on the relevant Optional Redemption Date.

- 8.8 **Optional Redemption – Tax Call:** The Issuer may redeem all (but not some only) of the Notes in each class at their Notional Principal Amount Outstanding on any Notes Payment Date:
- 8.8.1 after the date on which the Issuer is to make any payment in respect of the Notes and the Issuer would be required to make any deduction or withholding on account of Tax in respect of such payment;
  - 8.8.2 after the date on which the Issuer would, by virtue of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law), not be entitled to Tax relief for any material amount which it is obliged to pay under the Transaction Documents; or
  - 8.8.3 after the date of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of interest in relation to the Mortgage Receivables to cease to be receivable by the Issuer, including as a result of any Borrower being obliged to make any deduction or withholding on account of Tax in respect of any payment in relation to the relevant Mortgage Receivables,
- subject to the following:
- 8.8.4 that the Issuer has given not more than 60 nor less than 30 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each Class; and
  - 8.8.5 that prior to giving any such notice, the Issuer has provided to the Security Trustee (a) a legal opinion (in form and substance satisfactory to the Security Trustee) from a firm of lawyers in The Netherlands of international repute (approved in writing by the Security Trustee), opining on the relevant change in Tax law, (b) a certificate signed by the Director to the effect that the obligation to make any deduction or withholding on account of Tax cannot be avoided and (c) a certificate signed by the Director to the effect that the Issuer expects to have the funds on the Notes Payment Date required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Revenue Priority of Payments and the Redemption Priority of Payments.
- 8.9 **Conclusiveness of certificates and legal opinions:** Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*) may be relied on by the Security Trustee without further investigation and shall (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) be conclusive and binding on the Noteholders and on the other Secured Creditors.
- 8.10 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each class to be notified immediately after calculation to the Security Trustee, the Paying Agent and, for so long as the Class A Notes are listed on Euronext Amsterdam, Euronext Amsterdam and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each class to be published in accordance with Condition 20 (*Notices*) by not later than three Business Days prior to each Notes Payment Date.
- 8.11 **Notice of no Note Principal Payment:** If no Note Principal Payment is due to be made on the Notes in relation to any class on any Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 20 (*Notices*) by not later than three Business Days prior to such Notes Payment Date.
- 8.12 **Notice irrevocable:** Any such notice as is referred to in Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*), Condition 8.8 (*Optional Redemption – Tax Call*) or Condition 8.10 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice

relates at their Notional Principal Amount Outstanding if effected pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*) and in an amount equal to the Note Principal Payment in respect of the Notes calculated as at the related Notes Calculation Date if effected pursuant to Condition 8.2 (*Mandatory Redemption in part*).

- 8.13 **Cancellation of redeemed Notes:** All Notes redeemed in full will be cancelled forthwith by the Issuer, together with all unmatured Coupons and Talons appertaining thereto or surrendered therewith, and no such Notes, Coupons or Talons may be reissued or resold.

## 9. Limited Recourse

- 9.1 Each of the Noteholders agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including the Principal Liabilities, are limited in recourse as set out below:

9.1.1 it will have a claim (*verhaalsrecht*) only in respect of the Issuer's assets subject to the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;

9.1.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Issuer's assets subject to the Security whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

9.1.3 upon the Security Trustee giving written notice to the Noteholders that it has determined in its sole opinion, and the Issuer Administrator having certified to the Security Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Issuer's assets subject to the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the relevant Transaction Documents and the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

## 10. Payments

- 10.1 **Principal:** Payments of principal shall be made only against (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes, at the Specified Offices of the Paying Agent outside the United States, by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to TARGET2.

- 10.2 **Interest:** Payments of interest shall, subject to Condition 10.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Offices of the Paying Agent outside the United States in the manner described in Condition 10.1 (*Principal*).

- 10.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders or holders of one or more Coupons in respect of such payments.

- 10.4 **Unmatured Coupons Void:** On the due date for final redemption of any Note pursuant to Condition 8.2 (*Mandatory Redemption in part*) or early redemption of such Note pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*), Condition 8.8 (*Optional Redemption – Tax Call*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- 10.5 **Payments on business days:** If any Note or Coupon is presented for payment on a day which is not a Business Day in the place of presentation, payment shall not be made on such day but on the first

succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.

- 10.6 **Business Days:** In this Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and on which TARGET2 is open.
- 10.7 **Other Interest:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Paying Agent outside the United States.
- 10.8 **Partial Payments:** If the Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, it will endorse on such Note or Coupon a statement indicating the amount and date of such payment.
- 10.9 **Exchange of Talons:** On or after the Notes Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet, the Talon forming part of such coupon sheet may be exchanged at the Specified Office of the Paying Agent for a further coupon sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- 10.10 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) and the Paying Agent or the Security Trustee shall (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) no liability to the Security Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks and the Paying Agent or the Security Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 10.
11. **Taxation**
- 11.1 **Payments free of Tax:** All payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) are required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Security Trustee or the Paying Agent (as the case may be) shall make such payments after such deduction or withholding on account of Tax and shall account to the relevant authorities for the amount so deducted.
- 11.2 **No payment of additional amounts:** Neither the Issuer, the Security Trustee nor the Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any deduction or withholding on account of Tax. Notwithstanding any other provision in these Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.
- 11.3 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, for this purpose only references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other taxing jurisdiction.

11.4 **Tax deduction not Event of Default:** Notwithstanding that the Issuer, the Security Trustee or the Paying Agent is required to make any deduction or withholding on account of Tax this shall not constitute an Event of Default.

## 12. Events of Default

12.1 **Event of Default:** Subject to the other provisions of this Condition, each of the following events shall be treated as an Event of Default:

12.1.1 **Non-payment:** the Issuer fails to pay any amount of principal or interest in respect of the Notes within 7 or 14 calendar days, respectively, of the due date for such payment;

12.1.2 **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of (x) the Transaction Documents to which the Issuer is a party, (y) the Notes or (z) the Issuer Covenants and such default (a) is, in the opinion of the Security Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Security Trustee, capable of remedy, remains unremedied for 30 calendar days after the Security Trustee has given written notice of such default to the Issuer;

12.1.3 **Insolvency Events:**

(a) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets which has not been discharged or released within a period of 30 calendar days;

(b) an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of the Issuer or for the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or other similar officer of the Issuer or of all or substantially all of its assets;

(c) an assignment occurs for the benefit of, or the entering into of any general assignment (*akkoord*) with, the Issuer's creditors; or

(d) Insolvency Proceedings are imposed on the Issuer;

12.1.4 **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which the Issuer is a party.

12.2 **Delivery of Enforcement Notice:** If an Event of Default occurs and is continuing, the Security Trustee may at its discretion and shall:

12.2.1 if so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes; or

12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;

deliver an Enforcement Notice to the Issuer.

12.3 **Conditions to delivery of Enforcement Notice:** Notwithstanding Condition 12.2 (*Delivery of Enforcement Notice*) the Security Trustee shall not be obliged to deliver an Enforcement Notice unless:

12.3.1 in the case of the occurrence of any of the events mentioned in Condition 12.1.3 (*Breach of other obligations*), the Security Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders; and

12.3.2 it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 **Consequences of delivery of Enforcement Notice:** Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable without further action or formality at their Notional Principal Amount Outstanding.

### 13. **Enforcement**

13.1 **Proceedings:** If at any time an Event of Default occurs and an Enforcement Notice has been delivered pursuant to Condition 12 (*Events of Default*), the Security Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each class and under the other relevant Transaction Documents, but it shall not be bound to do so unless:

13.1.1 so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes; or

13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

and in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 **Directions to the Trustee:** If the Security Trustee shall take any action described in Condition 13.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, provided that so long as any of the Most Senior Class of Notes are outstanding, the Security Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other class of Notes unless:

13.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the classes of Notes ranking senior to such other class; or

13.2.2 (if the Security Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other class.

### 14. **No action by Noteholders, Couponholders or any other Secured Creditor**

14.1 Only the Security Trustee may pursue the remedies available under the general law or under the relevant Transaction Documents to enforce the Security and no Noteholder, holder of any Coupon or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders and holders of any Coupon or any other Secured Creditor (nor any person on its or their behalf, other than the Security Trustee where appropriate) are entitled:

14.1.1 otherwise than as permitted by these Conditions, to direct the Security Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;

14.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders and holders of any Coupons or any other Secured Creditors;

14.1.3 until the date falling two years after the date on which the Security Trustee has certified that no further Notes are outstanding and all of the Issuer's obligations under the Transaction Documents to all parties thereto have been satisfied in full, to initiate or join any person in initiating any Insolvency Proceeding in relation to the Issuer; or

14.1.4 to take or join in the taking of any steps or proceedings which would result in the Priorities of Payments not being observed.

### 15. **Meetings of Noteholders**

15.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any class to consider matters relating to the

Notes, including the modification of any provision of the Trust Deed (including these Conditions attached thereto).

15.2 ***Separate and combined meetings:*** The Trust Deed provides that:

15.2.1 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;

15.2.2 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interests between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Security Trustee shall determine in its absolute discretion; and

15.2.3 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.

15.3 ***Request from Noteholders:*** A meeting of Noteholders of a particular class may be convened by the Security Trustee or the Issuer at any time and must be convened by the Security Trustee (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than 10% of the aggregate Principal Amount Outstanding of the outstanding Notes of that class.

15.4 ***Quorum:*** The quorum at any meeting convened to vote on:

15.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular class or classes of the Notes will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, two or more persons being or representing Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented in such class or classes; and

15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholders) will be two or more persons holding or representing in the aggregate 75% of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes or, at any adjourned meeting, two or more persons holding or representing not less than in the aggregate one third of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes.

15.5 ***Relationship between classes:*** In relation to each class of Notes:

15.5.1 no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);

15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes unless the Security Trustee considers that the holders of the Most Senior Class of Notes would not be materially prejudiced by the absence of such sanction; and

15.5.3 any resolution passed at a meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such meeting and whether or not voting and upon all holders of any Coupons of such class or classes and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall

also be binding upon the holders of all the other classes of Notes and the holders of the Coupons relating thereto.

15.6 **Resolutions in writing:** A resolution in writing signed by or on behalf of all holders of Notes of the relevant class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes shall take effect as if it were an Extraordinary Resolution.

## 16. **Modification and Waiver**

### 16.1 **Modification:**

16.1.1 The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor, concur with the Issuer and any other relevant parties in making:

- (i) any modification to these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to these Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

16.1.2 The Security Trustee may at any time concur with the Issuer or any other relevant party in making any modification to these Conditions, the relevant Transaction Documents or the Notes (including with respect to a Reserved Matter), based on the approval given by the Noteholders by way of (i) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed or (ii) a resolution in writing signed by or on behalf of all holders of Notes of the relevant class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

16.1.3 Any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to reduce the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of any payment in respect of the Notes of any class on redemption or maturity;
- (ii) to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to alter the priority of payment of interest or principal in respect of the Notes;
- (v) to change the quorum required at any meeting of Noteholders of any class or classes or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this definition;

qualifies as a "**Reserved Matter**".

- 16.2 **Waiver:** In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver.
- 16.3 **Restriction on power to waive:** The Security Trustee shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or of a request or direction in writing made by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class of Notes, but so that no such direction or request shall affect (a) any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.
- 16.4 **Notification:** Unless the Security Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the other Secured Creditors and the Credit Rating Agencies in accordance with Condition 20 (*Notices*) and the relevant Transaction Documents, as soon as practicable after it has been made.
- 16.5 **Swap counterparty consent:**
- 16.5.1 The Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if:
- (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement;
  - (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or
  - (iii) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such amendment not been made,
- unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it under (i) or (iii) above within 15 Business Days of written request by the Security Trustee.
- 16.5.2 The Swap Counterparty's written consent is required prior to the Security Trustee providing its written consent to a waiver of the undertakings of the Issuer set out in paragraphs (b) and (c) of item 6 of Part A of Schedule 7 to the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeem the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty fails to provide its written consent within 15 Business Days of written request by the Security Trustee.
- 16.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the Noteholders, holders of any Coupons and the other Secured Creditors.

17. **Prescription**

17.1 Claims for principal or interest in respect of Notes shall become void unless the relevant Notes or Coupons, respectively, are presented for payment and surrendered within 5 years of the appropriate date which is the later of:

17.1.1 the date on which the payment in question first becomes due; and

17.1.2 if the full amount payable has not been received by the Paying Agent or the Security Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Condition 20 (*Notices*).

18. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Paying Agent, subject to all applicable laws and Euronext Amsterdam requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

19. **Trustee and Paying Agent**

19.1 ***Trustee's right to Indemnity:*** Under the Transaction Documents, the Security Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Security Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

19.2 ***Trustee not responsible for loss or for monitoring:*** The Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Issuer's assets subject to the Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Issuer Administrator or by any person on behalf of the Security Trustee. The Security Trustee shall not be responsible for monitoring the compliance by any of the other parties to the Transaction Documents with their respective obligations under the Transaction Documents.

19.3 ***Appointment and Removal of Director of the Security Trustee:*** The power of appointing a new director of the Security Trustee shall be vested in the board of directors of the Security Trustee, but the Security Trustee Management Agreement provides that no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Credit Rating Agencies and the Noteholders. The holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed.

19.4 ***Regard to classes of Noteholders:*** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Security Trustee will:

19.4.1 have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

19.4.2 have regard only to the holders of the Most Senior Class of Notes and will not have regard to any lower ranking class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

19.5 **Paying Agent solely agent of Issuer:** In acting under the Paying Agency Agreement and in connection with the Notes, Coupons or Talons, the Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Security Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.6 **Initial Paying Agent:** The initial Paying Agent and its initial Specified Office is listed below at:

ING Bank N.V.  
Amstelveenseweg 500  
1081 KL Amsterdam  
The Netherlands

The Issuer reserves the right to vary or terminate the appointment of the Paying Agent having given not less than 30 calendar days' notice to the Paying Agent, and to appoint a successor paying agent and additional or successor paying agents at any time (in both instances with the prior written approval of the Security Trustee).

19.7 **Maintenance of Paying Agent:** The Issuer shall at all times:

19.7.1 maintain a Paying Agent;

19.7.2 ensure that, so long as the Class A Notes are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a Specified Office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and

19.7.3 ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive of 3 June 2003 on taxation of savings income in the form of interest payments (2003/48/EC) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

Notice of any change in the Paying Agent or in its Specified Office shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

## 20. Notices

20.1 **Valid Notices:** Notices to the Noteholders shall be valid if published:

20.1.1 as long as the Class A Notes are listed on Euronext Amsterdam and the rules of that exchange require it, or if required by applicable law, in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*), or, if such publication is not practicable, in another appropriate newspaper having general circulation in The Netherlands previously approved in writing by the Security Trustee; or

20.1.2 on the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*);

Whilst the Notes are represented by Global Notes held by Euroclear Netherlands, notices to Noteholders will be valid if published as described above, for so long as the rules of the Euronext Amsterdam so require, and if delivered to Euroclear Netherlands for communication by it to the Noteholders. Any notice delivered to Euroclear Netherlands as aforesaid shall be deemed to have been given on the date of such delivery.

20.2 **Date of publication:** Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in (i) the newspaper or newspapers in which publication is required or on (ii) the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as

may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*) (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

- 20.3 ***Other Methods:*** The Security Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of Euronext Amsterdam on which the Class A Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Security Trustee shall require.
- 20.4 ***Couponholders deemed to have notice:*** The holders of one or more Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.
- 20.5 ***Notices to Euronext Amsterdam and Credit Rating Agencies:*** A copy of each notice given in accordance with this Condition 20 (*Notices*) shall be provided to the Credit Rating Agencies and, for so long as the Class A Notes are listed on Euronext Amsterdam and the rules of Euronext Amsterdam so require, to Euronext Amsterdam.

## 21. **Governing Law and Jurisdiction**

- 21.1 ***Governing law:*** The Transaction Documents (other than the Swap Agreement), the Notes and any non-contractual obligations arising out of or in connection with the Transaction Documents (other than the Swap Agreement) and the Notes are governed by, and shall be construed in accordance with, Dutch law other than the Swap Agreement and any non-contractual obligations arising out of or in connection with the Swap Agreement, which are governed by, and shall be construed in accordance with, English law.
- 21.2 ***Jurisdiction:*** In relation to any legal action or proceedings arising out of or in connection with the Notes, Coupons or Talons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*rechtbank*) in Amsterdam, The Netherlands. This submission is made for the exclusive benefit of the Noteholders and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other court of competent jurisdiction. The Issuer has in each of the Transaction Documents (including the Swap Agreement) to which the Issuer is a party irrevocably submitted to the jurisdiction of such court.

**ANNEX 1 TO CONDITIONS**

**DEFINITIONS**

*[Remainder of page intentionally left blank.]*

## 4.2 FORM

The Notes will be in bearer form and the Notes of each Class shall initially be issued in the form of a Temporary Global Note without interest coupons attached and/or a Permanent Global Note without interest coupons attached. Each Global Note will initially be deposited on or prior to the Closing Date with Euroclear Netherlands.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear Netherlands, or Euroclear Netherlands has given a similar certification (based on the certifications it has received) to the Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 calendar days after the date on which the Temporary Global Note is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Note, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear Netherlands without any requirement for certification.

A Permanent Global Note will only be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, receipts, interest coupons and talons attached, if an Exchange Event occurs and subject to mandatory provisions of applicable laws and regulations. For these purposes, "**Exchange Event**" means one of the following events: (i) the Notes become immediately due and payable as a result of the occurrence of an Event of Default, (ii) Euroclear Netherlands is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (iii) by reason of any amendment to, or change in, the laws and regulations of The Netherlands, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes which are represented by a Permanent Global Note were in definitive form. In the event of the occurrence of an Exchange Event, Euroclear Netherlands, (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Security Trustee may give notice to the Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Paying Agent requesting exchange. Any such exchange shall occur not later than 45 calendar days after the date of receipt of the first relevant notice by the Paying Agent.

In the case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, on the occurrence of an Exchange Event as described above, an exchange for Definitive Notes will only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and regulations of Euroclear Netherlands.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria specified by the European Central Bank. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

Definitive Notes will be in the standard euomarket form. Definitive Notes and Global Notes will be in bearer form. Global Notes and Definitive Notes will be issued in accordance with and subject to the terms of the Paying Agency Agreement and the Trust Deed.

The following legends will appear on all Notes and on all receipts and interest coupons relating thereto:

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

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to in the second legend paragraph above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on the Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear Netherlands.

Any reference herein to Euroclear Netherlands, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer, the Paying Agent and the Security Trustee.

#### 4.3 SUBSCRIPTION AND SALE

Each of J.P. Morgan and ING have pursuant to a subscription agreement dated the Signing Date amongst the Lead Managers, the Arrangers, the Issuer and the Seller (the "**Subscription Agreement**") severally agreed with the Issuer, on terms and subject to certain conditions, to purchase the Class A Notes, in respect of J.P. Morgan, and the Retained Notes, in respect of the Seller, at their respective issue price. The Issuer has agreed to indemnify and reimburse the Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

##### **United Kingdom**

Each of the Issuer and the Lead Managers has represented, warranted and undertaken that:

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

##### **United States of America**

Notes in bearer form have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Issuer and the Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Security Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

##### **European Economic Area**

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

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the manager nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "FIEA") and, accordingly, each of the Issuer and the Lead Managers has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any Resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "Resident of Japan" shall mean any resident of Japan including any corporation or other entity organised under the laws of Japan.

#### 4.4 REGULATORY & INDUSTRY COMPLIANCE

##### *Retention statement*

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken in favour of the Issuer and the Security Trustee and in the Subscription Agreement, the Seller has undertaken in favour of each Lead Manager, each Arranger, the Issuer and the Security Trustee, for as long as the Notes are outstanding, to retain a material net economic interest of not less than 5% in the securitisation in accordance with Article 122a of the CRD, whereby the Seller retains at least 5% proportionate to the Principal Amount Outstanding of the Mortgage Receivables assigned by it to the Issuer. As at the Closing Date, such interest will, in accordance with Article 122a paragraph (1) sub paragraph (d) of the CRD be comprised of an interest in the first loss tranche within the meaning of Article 122a(1)(d) of the CRD and, if necessary, other tranches having the same or a more severe risk profile than those sold to Noteholders. Such retention requirement will be satisfied at the Closing Date by the Seller holding 100% of the Retained Notes, being the Class B Notes and the Class C Notes.

Any change in the manner in which this interest in the first loss tranche is held, to the extent allowed under Article 122a of the CRD will be notified to the Noteholders by the Issuer in its investor report, subject to the Issuer having received such information from the Seller.

In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to each Lead Manager, each Arranger, the Issuer and the Security Trustee, to make available materially relevant data with a view to complying with Article 122a paragraph (7) of the CRD, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare monthly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with a confirmation of the retention of the material net economic interest by the Seller. Such information will be available on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).

##### *Investors are required to assess compliance*

Each prospective investor is required independently to assess and determine the sufficiency of the information referred to above for the purposes of complying with Article 122a of the CRD and none of the Issuer, the Seller, the Servicer, the Issuer Administrator, the Security Trustee, the Arrangers and the Lead Managers makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Seller accepts responsibility for the information set out in this sub-section entitled *Regulatory & Industry Compliance* in section 4 (*The Notes*).

Furthermore, each prospective Noteholder should ensure it complies with the implementing provisions in respect of Article 122a of the CRD in its relevant jurisdiction if applicable to it. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

##### *RMBS Standard*

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the investor reports to be published by the Issuer will follow the applicable template investor report (save as otherwise indicated in the relevant investor report), each of the templates as published by the DSA on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) as at the date of this Prospectus. As a result the Notes comply with the RMBS Standard.

##### *Investor reports*

Each investor report will contain a glossary of the defined terms used in such investor report and will set out the performance of the Mortgage Receivables.

The Issuer will from the Closing Date until redemption of the Notes in full make available (either directly or via a third party) a cash flow model setting out the transaction cash flows.

The Issuer will (i) prior to the Closing Date, make such loan-level information available as is required to enable investors or third party contractors to build a cash flow model setting out the transaction cash flows

and (ii) from the Closing Date until redemption of the Notes in full, it will make available updates to such information on a periodic basis.

The Issuer will disclose in the first investor report the amount of the Notes (a) privately-placed with investors which are not in the same group as the Seller, (b) retained by a member of the group of the Seller and (c) publicly-placed with investors which are not in the group of the Seller.

The Issuer will (to the extent permissible) disclose any amount initially retained by a member of the same group as the Seller, but subsequently placed with investors which are not in the same group as the Seller.

### ***PCS Label***

Application may be made to Prime Collateralised Securities ("**PCS**") UK Limited for the Class A Notes to receive the Prime Collateralised Securities label (the "**PCS Label**"). There can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). PCS is not an "expert" within the meaning of the Securities Act.

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label.

#### **4.5 USE OF PROCEEDS**

The proceeds of the Notes to be issued on the Closing Date amount to EUR 1,472,870,000.

The net proceeds of the issue of the Notes (other than the Class C Notes) will be applied by the Issuer on the Closing Date to pay to the Seller (part of) the Initial Purchase Price for the Initial Portfolio purchased by the Issuer under the Mortgage Receivables Purchase Agreement on the Closing Date.

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

The Issuer will be entitled to receive an amount of EUR 36,255,577.56 as consideration for the Participations granted to the Participants in the Participation Mortgage Receivables forming part of the Initial Portfolio on the Closing Date. The Issuer will apply the proceeds of such Participations to pay part of the Initial Purchase Price for the Issuer under the Mortgage Receivables Purchase Agreement on the Closing Date.

In addition, an amount of EUR 23,915,804.81 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits.

## 4.6 TAXATION IN THE NETHERLANDS

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note or Coupon, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.*

***Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note or Coupon.***

### 1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### 2. TAXES ON INCOME AND CAPITAL GAINS

#### **Residents**

##### *Resident entities*

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

##### *Resident individuals*

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

## **Non-residents**

A holder of a Note which is not, is not deemed to be, and – in case the holder is an individual – has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### **3. GIFT AND INHERITANCE TAXES**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

Under the relevant provisions a holder of Dutch nationality is deemed to be a resident of The Netherlands if he or she has been resident in The Netherlands and dies or makes a gift within ten years after leaving The Netherlands. A holder of any other nationality is deemed to be a resident of The Netherlands for the purposes of the Dutch gift tax if he or she has been resident in The Netherlands and makes a gift within a twelve months period after leaving The Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of The Netherlands.

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax, unless in the case of a gift of the Notes by a holder who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of The Netherlands. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

### **4. VALUE ADDED TAX**

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

### **5. OTHER TAXES AND DUTIES**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

6. **RESIDENCE**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

7. **EU COUNCIL DIRECTIVE ON TAXATION OF SAVINGS INCOME**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

#### 4.7 SECURITY

In the Trust Deed, the Issuer undertakes to pay the Parallel Debt to the Security Trustee. The Trust Deed provides that (i) the Security Trustee shall be the obligee of the Parallel Debt and shall be entitled to claim performance thereof in its own name and not as agent or trustee acting on behalf of the Secured Creditors, (ii) the Parallel Debt is and/or shall be separate and independent from, and without prejudice to, the Principal Liabilities, (iii) the Parallel Debt shall be decreased to the extent that the Issuer satisfies the Principal Liabilities and *vice versa*, (iv) the Parallel Debt shall not exceed the aggregate of the Principal Liabilities at any time, (v) any Security granted to the Security Trustee to secure the Parallel Debt is granted to the Security Trustee in its capacity as creditor of the Parallel Debt and (vi) the Security Trustee shall act for the benefit of the Secured Creditors in administering and enforcing the Security and shall apply any amounts received by it pursuant to clause 2.4 (*Parallel Debt*) of the Trust Deed in accordance with the Trust Deed.

Pursuant to the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding the authorisation to acknowledge the Parallel Debt and Condition 5.2 (*Parallel Debt*), the Secured Creditors and the Noteholders, respectively, have acknowledged or are deemed to have acknowledged the Parallel Debt.

The Secured Obligations (including the Parallel Debt) owed by the Issuer to the Security Trustee are secured by the following security rights granted by the Issuer to the Security Trustee:

- (a) pursuant to the Issuer Mortgage Receivables Pledge Agreement, a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Mortgage Receivables and any Related Security. The right of pledge created pursuant to the Issuer Mortgage Receivables Pledge Agreement will not be notified to the Borrowers except upon the occurrence of a Pledge Notification Event, in which circumstances the Security Trustee is authorised to serve (or may require the Issuer to serve) notice of the right of pledge on the relevant Borrowers and Insurance Companies other than the Savings Insurance Company, as the debtors of the Mortgage Receivables. Notification of the right of pledge to each Savings Insurance Company will take place through the Beneficiary Waiver Agreements and each subsequent Deed of Assignment and Pledge. Upon notification of the right of pledge and the assignment of the relevant Mortgage Receivables, only the Security Trustee is entitled to receive payment under the pledged Mortgage Receivables;
- (b) pursuant to the Issuer Account Pledge Agreement, a first ranking disclosed right of pledge (*openbaar pandrecht*) over the Issuer Account Rights is created. The right of pledge created pursuant to the Issuer Account Pledge Agreement has been notified to the Issuer Account Bank through a notification letter; and
- (c) pursuant to the Issuer Rights Pledge Agreement, a first ranking disclosed right of pledge over the Issuer Rights is created. The right of pledge created pursuant to the Issuer Rights Pledge Agreement has been notified to the parties to the Transaction Documents through the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding notification of the rights pledge.

Upon the occurrence of any default (*verzuim*) in the proper performance of any of the Secured Obligations, the Security Trustee will be entitled to enforce the Security and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction and the Conditions and the relevant Transaction Documents.

## 5. CREDIT STRUCTURE

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

### 5.1 AVAILABLE FUNDS

#### Collections

Payments by the Borrowers under the Mortgage Receivables are due on the first day of each month, interest being payable in arrears. For as long as no Assignment Notification Event has occurred, all payments made by Borrowers will be paid into the Seller Collection Accounts. No Seller Collection Account is pledged to any party and each Seller Collection Account is also used for the collection of moneys paid in respect of mortgage receivables other than Mortgage Receivables and in respect of other moneys belonging to the Seller.

Pursuant to the Mortgage Receivables Purchase Agreement, as long as the assignment of the Mortgage Receivables has not been notified to the relevant Borrowers and Insurance Companies, the Seller will on each Mortgage Collection Payment Date transfer to the Issuer Collection Account or such other account as the Security Trustee may direct, all amounts received by the Seller during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables. If a credit rating of the Seller falls below the Requisite Credit Rating, the Seller will as soon as reasonably practicable and in any event within 14 calendar days after such assignment of rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating, and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months. The aforementioned deposit shall no longer be required if the Seller has ensured that (i) the Borrowers shall be notified that they should immediately make their payments to the Issuer Collection Account, or into such other account as the Security Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Class A Notes, (ii) payments to be made with respect to amounts received on the Seller Collection Accounts will be guaranteed by way of an unlimited and unconditional guarantee by a party having at least the Requisite Credit Rating, or, if (i) or (ii) is not reasonably practicable, (iii) another solution acceptable to the Credit Rating Agencies has been found in order to maintain the then current rating of the Class A Notes.

#### Available Revenue Funds

The aggregate of the items set out below calculated as at each Notes Calculation Date, comprise the "**Available Revenue Funds**":

- (a) the amount of Revenue Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls;
- (b) all amounts of interest received by the Issuer on the Issuer Transaction Accounts in the preceding Notes Calculation Period;
- (c) all amounts received by the Issuer under the Swap Agreement on or in respect of the relevant Notes Payment Date other than any amounts standing to the credit of the Swap Collateral Account and any amounts standing to the credit of the Swap Replacement Ledger; and
- (d) any other amount standing to the credit of the Income Ledger (excluding an amount equal to the amount referred to under (e) below to the extent such amount has not yet been applied to pay any corporate income tax due to the Dutch tax authorities); *less*
- (e) on the first Notes Calculation Date of each calendar year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual fees or other remuneration due and payable to the Director in connection with the Issuer Management Agreement in the immediately preceding calendar year, and (ii) EUR 2,500.

The Available Revenue funds will be applied in accordance with the relevant Priority of Payments.

### **Available Principal Funds**

The aggregate of the items set out below (without double counting) calculated as at each Notes Calculation Date, comprise the "**Available Principal Funds**":

- (a) the amount of Principal Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls;
- (b) all amounts to be credited to any of the Principal Deficiency Ledgers under the Revenue Priority of Payments on the following Notes Payment Date; and
- (c) any other amount standing to the credit of the Redemption Ledger.

The Available Principal Funds will be applied in accordance with the relevant Priority of Payments.

## 5.2 PRIORITY OF PAYMENTS

### Revenue Priority of Payments

On each Notes Payment Date, as long as no Enforcement Notice is served by the Security Trustee, the Available Revenue Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee on such Notes Payment Date or in the first following Notes Calculation Period;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) the Paying Agent, (2) the Servicer, (3) the Issuer Administrator, (4) the Account Bank, (5) the Directors, (6) any stock exchange on which the Class A Notes are listed, (7) the Issuer's auditors, legal counsel and tax advisers, (8) the Credit Rating Agencies, (9) any independent accountant or independent calculation agent appointed under the Swap Agreement, (10) any custodian, (11) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (e) of the Available Revenue Funds) and (12) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Issuer Administrator in accordance with the Administration Agreement, on such Notes Payment Date or in the first following Notes Calculation Period;
- (c) *third*, to the extent not paid from amounts standing to the credit of the Swap Collateral Account or debited from the Swap Replacement Ledger, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class A Notes;
- (e) *fifth*, the amount required to replenish any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to nil;
- (f) *sixth*, the amount required to replenish the Reserve Account up to the Reserve Account Target Level;
- (g) *seventh*, the amount required to replenish any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to nil;
- (h) *eighth*, to the extent not paid from amounts standing to the credit of the Swap Collateral Account or debited from the Swap Replacement Ledger, Subordinated Swap Payments due and payable under the Swap Agreement;
- (i) *ninth*, as from the earlier of (i) the Notes Payment Date on which all amounts of interest and principal on the Notes (other than the Class C Notes) will have been paid and (ii) the First Optional Redemption Date, in or towards satisfaction of principal amounts due on the Class C Notes; and
- (j) *finally*, any Deferred Purchase Price Instalment to the Seller.

### Redemption Priority of Payments

On each Notes Payment Date, as long as no Enforcement Notice is served by the Security Trustee, the Available Principal Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full (the "**Redemption Priority of Payments**"):

- (a) *first*, up to and including the Notes Payment Date immediately preceding the First Optional Redemption Date in or towards satisfaction of the purchase price of any Further Advance Receivables, subject to the Additional Purchase Conditions being met;

- (b) *second*, in or towards, on a *pari passu* and *pro rata* basis, satisfaction of principal amounts due and payable on the Class A Notes, until fully redeemed in accordance with the Conditions; and
- (c) *third*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class B Notes, until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, to pay any Deferred Purchase Price Instalment to the Seller.

#### **Post-Enforcement Priority of Payments**

Available Revenue Funds and Available Principal Funds and any amounts standing to the credit of the Issuer Accounts and all monies received or recovered by the Security Trustee or any other Secured Creditor from the Issuer's assets subject to the Security or the Issuer (other than amounts standing to the credit of the Participation Ledger, the Swap Collateral Account, or required to be deducted pursuant to paragraph (i)(c) of the definition of Principal Funds or paragraph (i)(c) of the definition of Revenue Funds, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger and the Swap Collateral Account, as the case may be) will be applied by or on behalf of the Issuer following the date on which an Enforcement Notice is served by the Security Trustee in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee on such date;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities which are due and payable to means any of (1) the Paying Agent, (2) the Servicer, (3) the Issuer Administrator, (4) the Account Bank, (5) the Directors, (6) any stock exchange on which the Class A Notes are listed, (7) the Issuer's auditors, legal counsel and tax advisers, (8) the Credit Rating Agencies, (9) any independent accountant or independent calculation agent appointed under the Swap Agreement, (10) any custodian, (11) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (e) of the Available Revenue Funds) and (12) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Issuer Administrator in accordance with the Administration Agreement, on such date and which are (indirectly through the Parallel Debt) secured by the Security;
- (c) *third*, to the extent not paid from amounts standing to the credit of the Swap Collateral Account, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (d) *fourth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class A Notes;
- (e) *fifth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class B Notes;
- (f) *sixth*, to the extent not paid from amounts standing to the credit of the Swap Collateral Account, Subordinated Swap Payments due and payable under the Swap Agreement;
- (g) *seventh*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class C Notes; and
- (h) *finally*, any Deferred Purchase Price Instalment to the Seller.

### 5.3 LOSS ALLOCATION

The Issuer Administrator shall agree in the Administration Agreement to manage and maintain the Principal Deficiency Ledger for and on behalf of the Issuer.

#### Debits

The Issuer (or the Issuer Administrator on its behalf) will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to any Realised Loss up to the Principal Amount Outstanding of the Notes from time to time (so as to give rise to a negative amount in the relevant sub-ledger).

#### Credits

It has been agreed that the Issuer (or the Issuer Administrator on its behalf) will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:

- (i) (a) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of sub-paragraphs (a) up to and including (d) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency and (b) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of sub-paragraphs (a) up to and including (f) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency, which amounts are added to the Available Principal Funds on such Notes Payment Date; and
- (ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant class of Notes, an amount equal to the relevant excess.

#### Sub-ledgers

Within the Principal Deficiency Ledger, two sub-ledgers will be maintained, to be known as the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger.

Amounts recorded as a debit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period to each of such sub-ledgers in the following order:

- (a) *first*, to the Class B Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes then outstanding; and
- (b) *second*, to the Class A Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

Amounts recorded as a credit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period:

- (a) if it concerns amounts referred to under (i)(a) and (i)(b) under "Credits" above:
  - (i) *first*: to the Class A Principal Deficiency Ledger until the debit balance thereof is reduced to zero; and
  - (ii) *second*: to the Class B Principal Deficiency Ledger until the debit balance thereof is reduced to zero; or
- (b) if it concerns an excess of the relevant sub-ledger over the Principal Amount Outstanding of the relevant Class of Notes, to the sub-ledger in question.

## 5.4 HEDGING

### Hedging of interest rate risk

The interest rates payable by Borrowers on some of the Mortgage Loans are payable by reference to rates other than the Reference Rate and are calculated on a number of different dates. However, the interest rates payable by the Issuer with respect to the Class A Notes are calculated by reference to the Reference Rate (set on the relevant Notes Calculation Date) plus the Relevant Margin.

In order to reduce the risk of a potential mismatch between:

- (a) the variety of different rates of interest payable by Borrowers on the Mortgage Loans and the dates on which those rates are set; and
- (b) the Reference Rate applicable to the Class A Notes only, set on the relevant Notes Calculation Date,

the Issuer will enter into the Swap Transaction with the Swap Counterparty, on or about the Closing Date.

The Swap Agreement will govern the terms of the Swap Transaction.

### The Swap Transaction

Under the Swap Transaction, on each Notes Payment Date:

- (a) the Swap Counterparty shall have an obligation to pay an amount determined by calculating the product of (i) the sum of the relevant Reference Rate and the Relevant Margin, (ii) the Notional Principal Amount Outstanding of the Class A Notes on such Notes Payment Date (without taking into account any principal amounts due to be paid or written off on such date in relation to the Class A Notes) and (iii) the relevant day count fraction; and
- (b) the Issuer shall have an obligation to pay any Issuer Scheduled Income in respect of the three Mortgage Calculation Periods preceding the relevant Notes Payment Date (less any amounts payable by the Issuer on such Notes Payment Date under paragraphs (a), (b) and (c) of the Revenue Priority of Payments and an amount equal to 0.50 per cent of the Notional Principal Amount Outstanding of the Notes (other than the Class C Notes), without taking into account any principal amounts due to be paid or written off on such date in relation to the Notes (other than the Class C Notes).

The Swap Transaction provides that, in the event that the Issuer Actual Income in respect of the three Mortgage Calculation Periods preceding the relevant Notes Payment Date (less any amounts due under paragraphs (a), (b) and (c) of the Revenue Priority of Payments and an amount equal to 0.50 per cent of the Notional Principal Amount Outstanding of the Notes (other than the Class C Notes), without taking into account any principal amounts due to be paid or written off on such date in relation to the Notes (other than the Class C Notes) is less than the amount to be paid by the Issuer as referred to under (b) above, the Issuer will only be obliged to pay such lesser amount under the Swap Transaction to the Swap Counterparty. In circumstances where such income shortfall arises, the corresponding amount to be paid by the Swap Counterparty shall be reduced by a proportion equal to such reduction in the Issuer's payment obligations under the Swap Agreement. The amounts due from the Issuer to the Swap Counterparty and from the Swap Counterparty to the Issuer under the Swap Transaction (as reduced, if applicable) will be netted against each other. If a net payment is due from the Swap Counterparty, the net amount will be included in the Available Revenue Funds for such Notes Payment Date and will be applied on that Notes Payment Date according to the relevant Priorities of Payment. If a net payment is due to the Swap Counterparty, the net amount will be payable from the Available Revenue Funds for such Notes Payment Date.

Under the terms of the Swap Agreement, in the event that the relevant credit ratings of the Swap Counterparty are downgraded by a Credit Rating Agency below the Requisite Credit Rating, the Swap Counterparty will at its own cost and in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the time frame stipulated in the Swap Agreement which may include providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating, procuring another entity with the Requisite Credit Rating to become co-obligor or guarantor, as applicable, in respect

of its obligations under the Swap Agreement or taking such other action that would result in the Credit Rating Agencies continuing the then current credit ratings of the Class A Notes. Following further rating downgrades below the Requisite Credit Rating, the remedial measures available to the Swap Counterparty may be more limited than those specified above.

The Swap Transaction may be terminated by the Swap Counterparty in certain circumstances including, but not limited to, the following:

- (a) if there is a failure by the Issuer to pay amounts due under the Swap Agreement in circumstances where the Issuer has Available Revenue Funds to pay such amounts in accordance with the relevant Priority of Payments and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Issuer;
- (c) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (d) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed either (i) on payment of the relevant amount by the Swap Counterparty which results in the Swap Counterparty being obliged to gross up its payments under the Swap Agreement, or (ii) on payment of the relevant amount by the Issuer.

The Swap Transaction may be terminated by the Issuer in certain circumstances, including but not limited to, the following:

- (a) if there is a failure by the Swap Counterparty to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a the Swap Counterparty;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (e) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement.

Upon an early termination of the Swap Transaction, the Issuer or the Swap Counterparty may be liable to make a swap termination payment to the other. Such swap termination payment will be calculated and paid in euros. The amount of any such swap termination payment will, subject to the terms of the Swap Agreement, initially be based on the market value of the Swap Transaction as determined on the basis of quotations sought from leading dealers as to the payment required to be made in order to enter into a transaction that would have the effect of preserving the economic equivalent of the respective payment obligations of the parties (or, if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result, based upon a good faith determination of one of the party's total losses and costs (or gains)) and will include any unpaid amounts that became due and payable prior to the date of termination.

The Swap Counterparty may, subject to certain conditions specified in the Swap Agreement, transfer its obligations under the Swap Agreement to another entity provided that such entity has the Requisite Credit Rating.

### **Withholding Tax**

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. The Swap Counterparty will be obliged to gross up payments made by it to the Issuer under the Swap Transaction if withholding taxes are imposed on such payments, although in such circumstances the Swap Counterparty may terminate the Swap Transaction early. The Issuer will not be obliged to gross up payments made by it to the Swap Counterparty under the Swap Transaction if withholding taxes are imposed on such payments. However, the Swap Counterparty

may have the right to terminate such Swap Transaction in such circumstances. If the Swap Counterparty (or the Issuer) terminates the Swap Transaction then the Issuer may be required to pay (or entitled to receive) a swap termination payment.

### **Credit Support**

On or around the Closing Date, the Swap Counterparty and the Issuer will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Security Trustee in support of the obligations of the Swap Counterparty under the Swap Agreement. The credit support annex forms part of the Swap Agreement. If at any time the Swap Counterparty is required to provide collateral in respect of any of its obligations under the Swap Agreement following a credit ratings downgrade of the Swap Counterparty, in accordance with the terms of the Swap Agreement, the amount of collateral (if any) that, from time to time, (i) the Swap Counterparty is obliged to transfer to the Issuer or (ii) the Issuer is obliged to return to the Swap Counterparty, shall be calculated in accordance with the terms of the Swap Agreement.

The Issuer will receive any collateral from the Swap Counterparty pursuant to the Swap Agreement in the Swap Collateral Account. The Issuer may make payments utilising any monies held in the Swap Collateral Account if such payments are made in accordance with the terms of the Swap Agreement. Amounts standing to the credit of the Swap Collateral Account will not, upon enforcement of the Security, be available to the Secured Creditors generally and may only be applied in satisfaction of amounts owing by the Swap Counterparty, or to be repaid to the Swap Counterparty, in accordance with the terms of the Swap Agreement.

The Swap Agreement will be governed by English Law.

The initial Swap Counterparty is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

## **5.5 LIQUIDITY SUPPORT**

Not applicable.

## 5.6 TRANSACTION ACCOUNTS

### Issuer Collection Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Issuer Collection Account:

- (a) into which are paid all amounts received by the Issuer in respect of the Mortgage Receivables and the Transaction Documents; and
- (b) monies standing to the credit of which will on each Notes Payment Date be applied by the Issuer Administrator in accordance with the relevant Priority of Payments and the relevant Transaction Documents.

### Reserve Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Reserve Account. The proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date.

The amounts standing to the credit of the Reserve Account will on each Notes Payment Date form part of the Available Revenue Funds, provided that amounts may only be debited from the Reserve Account and credited to the Issuer Collection Account (for credit to the Income Ledger and apportionment by the Issuer in accordance with the Revenue Priority of Payments) if (i) the amounts standing to the credit of the Issuer Collection Account are insufficient to meet the Issuer's obligations under items (a) to (e) (inclusive) of the Revenue Priority of Payments in full or (ii) in accordance with Condition 4.5 (*Class C Notes*).

If and to the extent that the Available Revenue Funds calculated on any Notes Calculation Date exceed the amounts required by the Issuer to satisfy its obligations under items (a) to (e) (inclusive) of the Revenue Priority of Payments in full, then the Issuer (or the Issuer Administrator on its behalf) shall ensure that the (relevant part of the) remaining Available Revenue Funds will be debited from the Issuer Collection Account and credited to the Reserve Account up to the Reserve Account Target Level. Any Available Revenue Funds remaining after the Reserve Account having been replenished up to the Reserve Account Target Level will be applied by the Issuer (or the Issuer Administrator on its behalf) in accordance with the Revenue Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due and payable in respect of the Notes, except for the amounts of principal due and payable in respect of the Class C Notes, have been paid in full on the Notes Payment Date before such Notes Calculation Date or will be available for payment in full on the Notes Payment Date immediately after such Notes Calculation Date, then the Reserve Account Target Level will be reduced to zero and the Issuer (or the Issuer Administrator on its behalf) shall ensure that all amounts standing to the credit of the Reserve Account will be credited to the Income Ledger upon deposit of the same in the Issuer Collection Account and form part of the Available Revenue Funds.

### Construction Deposit Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Construction Deposit Account. Pursuant to the Mortgage Receivables Purchase Agreement, in respect of a purchase of Mortgage Receivables by the Issuer, the Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit, if applicable. Such amount will be deposited in the Construction Deposit Account.

The Issuer (or the Issuer Administrator on its behalf) will not transfer any monies standing to the credit of the Construction Deposit Account, except (x) following service of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice is served by the Security Trustee, as follows:

- (a) to pay any remaining part of an Initial Purchase Price to the Seller following distribution by the Seller of a corresponding part of the relevant Construction Deposit to the relevant Borrower; and
- (b) following set-off of a Construction Deposit against the associated Mortgage Receivable, for transfer to the Issuer Transaction Account and credit to the Redemption Ledger.

## **Swap Collateral Account**

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Swap Collateral Account. Any collateral provided by the Swap Counterparty pursuant to the Swap Agreement will, unless otherwise agreed with the Issuer and the Security Trustee, be deposited in the Swap Collateral Account. The Issuer (or the Issuer Administrator on its behalf) will not use the amounts standing to the credit of the Swap Collateral Account, except (x) following service of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice is served by the Security Trustee, as follows:

- (a) to return collateral to the Swap Counterparty in accordance with the terms of the Swap Agreement and collateral arrangements; and
- (b) following termination of the Swap Agreement to the extent not required to satisfy any termination payment due to the Swap Counterparty, (x) if a replacement swap agreement is to be entered into, for deposit in the Issuer Transaction Account and credit to the Swap Replacement Ledger or (y) if no replacement swap agreement is to be entered into, for deposit in the Issuer Transaction Account and credit to the Income Ledger.

## **Change of Issuer Account Bank**

If the debt obligations of the Issuer Account Bank are not rated at least the Requisite Credit Rating, and within 30 calendar days of such occurrence:

- (a) the Issuer Accounts are not closed and new accounts opened under the terms of a new account agreement substantially on the same terms as the Issuer Account Agreement with a financial institution (i) whose debt obligations are rated at least the Requisite Credit Rating and (ii) having the regulatory capacity for offering such services as a matter of Dutch law; or
- (b) the Issuer Account Bank does not obtain a guarantee of its obligations under the Issuer Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose debt obligations are rated at least the Requisite Credit Rating; or
- (c) the Issuer Account Bank does not take any other action, or takes action which is not acceptable to the Credit Rating Agencies in order to maintain the then current ratings of the Notes,

then pursuant to the Issuer Account Agreement, the Issuer (or the Issuer Administrator on its behalf) is required to terminate the Issuer Account Agreement, unless a Credit Rating Agency confirms that its then current rating of the Notes will not be adversely affected as a result of the credit ratings of the Issuer Account Bank falling below the minimum credit rating as determined to be applicable or agreed by such Credit Rating Agency from time to time (or the reason for this having occurred) within 15 calendar days of such downgrade. If such confirmation is given by a Credit Rating Agency, for this purpose only, reference to "minimum credit rating" in respect of such Credit Rating Agency shall be deemed to be instead the relevant credit rating assigned by a Credit Rating Agency of the Issuer Account Bank at the time of such confirmation, but the original rating shall be reinstated if the relevant rating of the Issuer Account Bank is subsequently upgraded to the original level.

Pursuant to the Issuer Account Agreement, the Issuer Account Bank has agreed to pay interest on the moneys standing to the credit of the Issuer Accounts at specified rates determined in accordance with the Issuer Account Agreement.

The initial Issuer Account Bank is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

## **Ledgers**

In the Administration Agreement, the Issuer Administrator agrees to manage and maintain the following ledgers as a sub-ledger of the Issuer Collection Account for and on behalf of the Issuer.

### *Credits to ledgers*

The following amounts shall be credited to the following ledger upon deposit of the same into the Issuer Collection Account:

- (i) the Income Ledger:
  - (a) all Revenue Funds;
  - (b) all amounts of interest paid on the Issuer Collection Account;
  - (c) all amounts received by the Issuer under the Swap Agreement (other than amounts standing to the credit of the Swap Collateral Account and amounts standing to the credit of the Swap Replacement Ledger);
  - (d) all amounts debited from the Reserve Account in accordance with the Administration Agreement; and
  - (e) all amounts not required to be credited to any other ledger;
- (ii) the Redemption Ledger:
  - (a) all Principal Funds; and
  - (b) all amounts credited to the Principal Deficiency Ledger under the Revenue Priority of Payments;
- (iii) the Swap Replacement Ledger:
  - (a) premiums received from any replacement Swap Counterparty upon entry by the Issuer into a replacement Swap Agreement; and
  - (b) termination payments received from the Swap Counterparty in respect of the termination of the Swap Agreement;
- (iv) the Participation Ledger, all Participation Redemption Available Amounts deducted pursuant to paragraph (i)(c) of the definition of Principal Funds; and
- (v) the Deposit Ledger: following a downgrade of the Seller and for as long as it is continuing, any amount paid by the Seller on any Mortgage Collection Payment Date equal to or to replenish the Deposit Required Amount.

### *Debits to ledgers*

The Issuer (or the Issuer Administrator on its behalf) will not debit any amounts to any ledger, except (x) following service of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments (which contains separate provisions in respect of the Participation Ledger) and (y) as long as no Enforcement Notice is served by the Security Trustee, as follows:

- (i) the Income Ledger: in accordance with the Revenue Priority of Payments;
- (ii) the Redemption Ledger: in accordance with the Redemption Priority of Payments;
- (iii) the Swap Replacement Ledger:
  - (a) to pay any termination amount due to the Swap Counterparty in respect of a termination of the Swap Agreement;
  - (b) to pay any premium due to a replacement swap counterparty upon entry into a replacement swap agreement; and
  - (c) to the extent in excess of amounts owed to the Swap Counterparty in respect of (x) a termination of the Swap Agreement or (y) any premium payable to a replacement swap

counterparty upon entry into a replacement swap agreement, for credit to the Income Ledger;

- (iv) the Participation Ledger: for on-payment to the relevant Participant under the relevant Participation on a Notes Payment Date; and
- (v) the Deposit Ledger:
  - (a) if a Borrower invokes defences purporting to establish that an amount equal to an unpaid cash deposit (other than in relation to Bank Savings Mortgage Receivables) is deducted from the relevant Mortgage Receivables it owes to the Seller, an amount equal to such deducted amount for credit to (if such deduction relates to interest on the relevant Mortgage Receivable, for addition to the Revenue Funds) the Income Ledger or (if such deduction relates to principal on the Mortgage Receivable, for addition to the Principal Funds made in the immediately preceding Mortgage Calculation Period) the Redemption Ledger; and
  - (b) following any decrease in the Deposit Required Amount, for repayment to the Seller.

## 5.7 ADMINISTRATION AGREEMENT

Pursuant to the Administration Agreement, the Issuer Administrator will provide certain administration services to the Issuer, including to:

- (a) operate the Issuer Accounts and ensure that payments are made into and from such accounts in accordance with the Administration Agreement, the Mortgage Receivables Purchase Agreement, the Security Documents, the Issuer Account Agreement and any other applicable Transaction Document, provided however that nothing herein shall require the Issuer Administrator to make funds available to the Issuer to enable such payments to be made other than as expressly required by the Administration Agreement;
- (b) keep any records necessary for all Taxation purposes;
- (c) assist the auditors of the Issuer and provide such information to them as they may reasonably request for the purpose of carrying out their duties as auditors;
- (d) make all filings, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the Issuer or required to be given by the Issuer pursuant to the Transaction Documents;
- (e) arrange for all payments due to be made by the Issuer under any of the Transaction Documents (including under each relevant Priority of Payments), provided that such monies are at the relevant time available to the Issuer and provided further that nothing herein shall constitute a guarantee by the Issuer Administrator of all or any of the obligations of the Issuer under any of the Transaction Documents;
- (f) arrange for all payments due to be made by the Issuer pursuant to Clause 9 (*Priorities of Payments*) of the Trust Deed;
- (g) provide accounting services, including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of Tax returns;
- (h) on behalf of the Issuer, provided that such monies are at the relevant time available to the Issuer, pay all the out-of-pocket expenses of the Issuer, incurred by the Issuer Administrator on behalf of the Issuer in the performance of the Issuer Administrator's duties hereunder including:
  - (i) all Taxes which may be due or payable by the Issuer;
  - (ii) all registration, transfer, filing and other fees and other charges payable in respect of the transfer by the Seller of Mortgage Receivables to the Issuer;
  - (iii) all necessary filing and other fees in compliance with regulatory requirements;
  - (iv) all legal and audit fees and other professional advisory fees;
  - (v) all communication expenses including postage, courier and telephone charges;
  - (vi) all premiums payable by the Issuer in respect of any insurance policies; and
  - (vii) following the occurrence of an Event of Default, all fees payable to Euronext Amsterdam and/or any other stock exchange on which the Class A Notes are listed but only if the Issuer has not otherwise paid those fees; and
- (i) on behalf of the Issuer claim payment to which the Issuer is entitled under the Transaction Documents and the Notes if the conditions for payment thereunder are met.

### Fee, Costs and Expenses

The Issuer shall for each Notes Calculation Period pay to the Issuer Administrator for its services provided under the Administration Agreement in arrears on the first following Notes Payment Date a fee and an indemnification for out-of-pocket costs, expenses and charges (plus any applicable value added tax),

incurred by the Issuer Administrator in the performance of such services, such fee to be agreed between the Issuer, the Issuer Administrator and the Security Trustee from time to time.

### **Termination**

If an event of default (which includes subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Issuer Administrator) occurs in respect of the Issuer Administrator under the Administration Agreement, then the Issuer and/or the Security Trustee may at once or at any time thereafter while such event of default is continuing, terminate the Administration Agreement with effect from a date specified by the Issuer and/or the Security Trustee. Upon the termination of the Administration Agreement, the Issuer or, following an event of default, the Security Trustee shall use its reasonable endeavours to appoint a substitute issuer administrator that satisfies the conditions set forth in the Administration Agreement. The appointment of the Issuer Administrator under the Administration Agreement may be terminated upon the expiry of not less than 12 months' notice of termination given by the Issuer Administrator to each of the Issuer and the Security Trustee (or such shorter time as may be agreed between the Issuer Administrator, the Issuer and the Security Trustee) provided that, among other things, a substitute administrator has been appointed by the Issuer and such appointment will be effective not later than the date of such termination.

### **Obligations of the Issuer Administrator**

Upon termination of the appointment of the Issuer Administrator under the Administration Agreement the Issuer Administrator shall:

- (a) forthwith deliver (and in the meantime hold for, and to the order of, the Issuer or the Security Trustee, as the case may be) to the Issuer or the Security Trustee, as the case may be or as it shall direct, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belongings of the Issuer or the Security Trustee, as the case may be (if practicable, on the date of receipt), any monies then held by the Issuer Administrator on behalf of the Issuer or, the Security Trustee and any other assets of the Issuer and the Security Trustee;
- (b) take such further action as the Issuer or the Security Trustee, as the case may be, may reasonably direct at the expense of the Issuer (including in relation to the appointment of a substitute administrator), provided that the Issuer or the Security Trustee, as the case may be, shall not be required to take or direct to be taken such further action unless it has been indemnified to its satisfaction (and in the event of a conflict between the directions of the Issuer and the directions of the Security Trustee, the directions of the Security Trustee shall prevail);
- (c) provide all relevant information contained on computer records in the form of a flat file and/or CD Rom, together with details of the layout of the files set out in such flat file and/or CD Rom; and
- (d) co-operate and consult with and assist the Issuer or the Security Trustee or its nominee, as the case may be, for the purposes of explaining the file layouts and the format of the flat file/CD Rom containing such computer records on the computer system of the Issuer or the Security Trustee or such nominee, as the case may be.

The initial Issuer Administrator is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

## 6. PORTFOLIO INFORMATION

### 6.1 STRATIFICATION TABLES

The key characteristics of the provisional portfolio of Mortgage Loans as of 30 November 2012 (the "**Provisional Portfolio**") are set out below. Each Mortgage Loan can consist of one or more Loan Parts, e.g. an interest only part and a savings mortgage part or parts with different interest reset dates and/or different final maturities. The Provisional Portfolio has been selected in accordance with the Eligibility Criteria and complies with the Portfolio Condition. For a description of the representations and warranties given by the Seller reference is made to section 7.2 (*Representations and Warranties*) of this Prospectus.

The Mortgage Receivables will be selected from the Provisional Portfolio prior to the Closing Date, subject to the application of the Eligibility Criteria at the date of extraction and taking into account changes resulting from e.g. repayment, prepayment and further advances. Therefore, the information set out below may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date. After the Closing Date, the Initial Portfolio will change from time to time as a result of any repayment, prepayment, amendment, granting of further advances and any repurchase of Mortgage Receivables.



Orange Lion 2013-9 RMBS B.V.

Provisional  
Stratification Tables

#### Summary

All amounts in EURO	Current (Provisional)
Portfolio Cut off Date	30-11-2012
Original Principal Balance	1,578,832,972.69
Principal Balance	1,518,357,690.13
Value of Savings Deposits	36,447,511.82
Principal Balance (net)	1,513,525,170.47
Of which Cash Reserve for Construction Deposits	31,614,992.16
Of which Active Outstanding Notional Amount	1,481,910,178.31
Number of Borrowers	6,113
Number of Loanparts	13,099
Average Principal Balance (borrower)	242,419.46
Average Principal Balance (parts)	113,131.55
Coupon: Weighted Average	4.3
Minimum	0.9
Maximum	8.5
Weighted Average Loan to Foreclosure Value	95.00%
Weighted Average Loan to Indexed Foreclosure Value	102.63%
Seasoning (years): Weighted Average	5.02
Original Maturity (years): Weighted Average	29.08
Remaining Tenor (years): Weighted Average	24.06
Remaining Interest Period (years): Weighted Average, Fixed and Floating	5.58
Remaining Interest Period (years): Weighted Average, Fixed only	6.49
Weighted average PTI	0.19



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**1. Product Type**

Product Type	Current (Provisional)				
	Aggregate	% of Total	Nr of Loanparts	% of Total	Weighted
	Outstanding Not. Amount				Average Coupon
Annuity	22,217,319.95	150%	383	2.92%	4.46%
Bank Savings Mortgage 1	2,664,342.36	0.18%	24	0.18%	4.77%
Bank Savings Mortgage 2	150,998,055.04	10.19%	1,421	10.85%	4.71%
Credit Mortgage	37,962,647.13	2.56%	665	5.08%	1.35%
Hybrid	129,164,696.24	8.72%	1,271	9.70%	4.55%
Interest Only	939,823,360.70	63.42%	7,196	54.94%	4.21%
Interest Only (Meerwaarde)	6,671,717.70	0.45%	20	0.15%	4.73%
Investment	28,145,920.87	1.90%	249	1.90%	4.19%
Life	126,750,760.72	8.55%	1,205	9.20%	4.45%
Linear	4,192,346.87	0.28%	79	0.60%	4.40%
Savings	33,319,010.73	2.25%	586	4.47%	5.41%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>

**2. Loan Coupon**

average: 4.27 %

Coupon Loan Part (%)	Current (Provisional)				
	Aggregate	% of Total	Nr of Loanparts	% of Total	Weighted
	Outstanding Not. Amount				Average Coupon
0.00%- 3.01%	175,577,411.97	11.85%	1,718	13.12%	1.69%
3.01%- 3.25%	7,238,031.69	0.49%	71	0.54%	3.18%
3.26%- 3.5%	27,615,829.78	1.86%	274	2.09%	3.41%
3.51%- 3.75%	60,548,817.91	4.09%	508	3.88%	3.66%
3.76%- 4%	126,062,066.43	8.51%	1,137	8.68%	3.91%
4.01%- 4.25%	128,284,767.67	8.66%	1,147	8.76%	4.15%
4.26%- 4.5%	236,117,294.22	15.93%	1,861	14.21%	4.40%
4.51%- 4.75%	214,911,755.74	14.50%	1,741	13.29%	4.65%
4.76%- 5%	208,496,508.90	14.07%	1,692	12.92%	4.89%
5.01%- 5.25%	126,277,318.02	8.52%	1,065	8.13%	5.15%
5.26%- 5.5%	82,826,443.54	5.59%	795	6.07%	5.38%
5.51%- 5.75%	42,146,248.03	2.84%	424	3.24%	5.64%
5.76%- 6%	24,041,674.75	1.62%	314	2.40%	5.89%
6.01%- 6.25%	8,588,390.27	0.58%	132	1.01%	6.15%
6.26%- 6.5%	4,860,924.04	0.33%	78	0.60%	6.39%
6.51%- 6.75%	3,534,533.23	0.24%	56	0.43%	6.64%
6.76%- 7%	3,004,202.02	0.20%	45	0.34%	6.88%
7.01%- 7.25%	1,017,909.89	0.07%	23	0.18%	7.12%
7.26%- 7.5%	415,358.09	0.03%	9	0.07%	7.43%
7.51%- more	344,692.13	0.02%	9	0.07%	7.92%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**3. Origination Year**

Year	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	
1992	103,330.93	0.01%	3	0.02%	5.92%
1993	278,661.10	0.02%	7	0.05%	5.34%
1994	1,139,686.93	0.08%	26	0.20%	5.20%
1995	2,333,334.33	0.16%	47	0.36%	5.12%
1996	4,008,268.65	0.27%	91	0.69%	5.59%
1997	4,259,111.52	0.29%	84	0.64%	5.25%
1998	5,795,223.02	0.39%	93	0.71%	5.11%
1999	16,610,969.58	1.12%	211	1.61%	5.10%
2000	28,895,453.64	1.95%	309	2.36%	4.30%
2001	29,233,694.14	1.97%	329	2.51%	4.69%
2002	9,263,522.93	0.63%	144	1.10%	3.73%
2003	48,722,791.76	3.29%	610	4.66%	4.30%
2004	106,736,986.31	7.20%	1,144	8.73%	3.92%
2005	200,557,622.47	13.53%	1,975	15.08%	3.84%
2006	137,011,414.30	9.25%	1,077	8.22%	4.10%
2007	150,997,335.04	10.19%	954	7.28%	4.51%
2008	119,879,780.67	8.09%	696	5.31%	4.85%
2009	77,835,392.68	5.25%	552	4.21%	3.93%
2010	133,669,721.15	9.02%	1,018	7.77%	4.40%
2011	251,389,054.49	16.96%	2,121	16.19%	4.40%
2012	153,188,822.67	10.34%	1,608	12.28%	4.16%
	<b>1,481,910,178.31</b>	<b>100 %</b>	<b>13,099</b>	<b>100 %</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**4. Legal Maturity Year**

Year	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	
2013	95,921.52	0.01%	14	0.1%	4.27%
2014	166,397.85	0.01%	9	0.07%	3.98%
2015	653,369.79	0.04%	16	0.12%	3.87%
2016	369,209.32	0.02%	13	0.10%	4.66%
2017	591,814.93	0.04%	18	0.14%	4.58%
2018	706,491.84	0.05%	21	0.16%	5.22%
2019	1,433,074.56	0.10%	33	0.25%	5.02%
2020	1,332,870.60	0.09%	35	0.27%	4.96%
2021	1,245,067.77	0.08%	33	0.25%	5.50%
2022	1,928,172.56	0.13%	45	0.34%	5.03%
2023	2,083,896.05	0.14%	36	0.27%	4.73%
2024	4,225,415.34	0.29%	77	0.59%	5.05%
2025	5,453,457.22	0.37%	91	0.69%	4.83%
2026	8,330,283.15	0.56%	137	1.05%	5.02%
2027	11,296,922.03	0.76%	168	1.28%	4.90%
2028	10,087,359.37	0.68%	135	1.03%	4.71%
2029	21,792,663.36	1.47%	280	2.14%	4.90%
2030	38,252,983.05	2.58%	409	3.12%	4.34%
2031	54,918,986.61	3.71%	582	4.44%	4.62%
2032	40,996,267.58	2.77%	403	3.08%	4.25%
2033	57,669,798.91	3.89%	655	5.00%	4.37%
2034	112,969,077.22	7.62%	1,176	8.98%	3.94%
2035	197,075,470.44	13.30%	1,896	14.47%	3.87%
2036	140,954,808.42	9.51%	1,100	8.40%	4.12%
2037	152,689,659.25	10.30%	938	7.16%	4.52%
2038	117,331,457.90	7.92%	659	5.03%	4.82%
2039	67,754,568.40	4.57%	476	3.63%	3.85%
2040	113,123,488.88	7.63%	823	6.28%	4.33%
2041	207,820,745.66	14.02%	1,670	12.75%	4.36%
2042	108,560,478.74	7.33%	1,151	8.79%	4.03%
	<b>1,481,910,178.31</b>	<b>100 %</b>	<b>13,099</b>	<b>100 %</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**5. Seasoning**

average: 5,02

In Years	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	
less - 0.5	58,017,518.98	3.92%	607	4.63%	4.19%
0.5 - 1.0	103,860,057.08	7.01%	1,109	8.47%	4.14%
1.0 - 1.5	140,893,754.00	9.51%	1,175	8.97%	4.53%
1.5 - 2.0	112,345,355.67	7.58%	934	7.13%	4.23%
2.0 - 2.5	75,396,522.24	5.09%	594	4.53%	4.43%
2.5 - 3.0	52,121,970.42	3.52%	366	2.79%	4.44%
3.0 - 4.0	82,353,288.93	5.56%	579	4.42%	3.99%
4.0 - 5.0	120,232,084.19	8.11%	697	5.32%	4.85%
5.0 - 6.0	152,619,487.99	10.30%	960	7.33%	4.48%
6.0 - 7.0	145,074,500.83	9.79%	1,168	8.92%	4.04%
7.0 - 8.0	195,202,644.26	13.17%	1,946	14.86%	3.84%
8.0 - 9.0	101,981,733.85	6.88%	1,110	8.47%	3.97%
9.0 - 10.0	41,912,558.62	2.83%	539	4.11%	4.30%
more - 10.0	99,898,701.25	6.74%	1,315	10.04%	4.68%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**6. Remaining Tenor**

average: 24,06

In Years	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	
less - 01	89,692.04	0.01%	12	0.09%	4.22%
01-02	167,783.39	0.01%	10	0.08%	3.99%
02-03	649,755.22	0.04%	16	0.12%	3.82%
03-04	235,760.18	0.02%	10	0.08%	4.82%
04-05	689,971.40	0.05%	21	0.16%	4.57%
05-06	730,928.73	0.05%	21	0.16%	5.23%
06-07	1,404,663.69	0.09%	32	0.24%	5.00%
07-08	1,186,331.00	0.08%	33	0.25%	4.80%
08-09	1,346,069.54	0.09%	34	0.26%	5.48%
09-10	1,919,029.52	0.13%	46	0.35%	5.10%
10-11	2,000,750.73	0.14%	36	0.27%	4.72%
11-12	3,525,795.35	0.24%	66	0.50%	4.95%
12-13	5,705,267.73	0.38%	93	0.71%	4.93%
13-14	8,046,406.31	0.54%	131	1.00%	4.95%
14-15	11,864,447.96	0.80%	180	1.37%	4.99%
15-16	8,738,892.84	0.59%	118	0.90%	4.71%
16-17	20,863,545.55	1.41%	275	2.10%	4.93%
17-18	35,708,014.06	2.41%	387	2.95%	4.40%
18-19	55,266,882.82	3.73%	586	4.47%	4.57%
19-20	41,967,698.58	2.83%	408	3.11%	4.31%
20-21	53,141,903.90	3.59%	602	4.60%	4.37%
21-22	107,510,174.74	7.25%	1,135	8.66%	3.98%
22-23	192,711,210.53	13.00%	1,882	14.37%	3.86%
23-24	148,249,438.59	10.00%	1,174	8.96%	4.07%
24-25	154,954,690.19	10.46%	951	7.26%	4.49%
25-26	118,283,376.46	7.98%	665	5.08%	4.81%
26-27	71,424,456.49	4.82%	496	3.79%	3.92%
27-28	108,457,313.36	7.32%	783	5.98%	4.37%
28-29	210,231,341.93	14.19%	1,659	12.67%	4.36%
29-30	114,661,853.49	7.74%	1,232	9.41%	4.03%
30 - more	176,732.00	0.01%	5	0.04%	3.84%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**7. Loan Part Interest Reset Dates**

Year	Aggregate Outstanding Not. Amount	Current (Provisional)		% of Total	Weighted Average Coupon
		% of Total	Nr of Loanparts		
2013	59,506,946.26	4.02%	601	4.59%	4.66%
2014	70,389,465.13	4.75%	753	5.75%	4.76%
2015	140,582,091.95	9.49%	1,368	10.44%	4.23%
2016	191,142,787.84	12.90%	1,640	12.52%	4.33%
2017	139,972,562.68	9.45%	1,327	10.13%	4.33%
2018	104,427,769.50	7.05%	748	5.71%	5.02%
2019	50,758,354.83	3.43%	461	3.52%	5.22%
2020	99,008,646.23	6.68%	826	6.31%	4.84%
2021	135,857,028.35	9.17%	1,194	9.12%	4.88%
2022	65,662,863.21	4.43%	717	5.47%	4.79%
2023	5,697,274.98	0.38%	61	0.47%	5.32%
2024	2,925,791.32	0.20%	33	0.25%	5.47%
2025	12,107,446.74	0.82%	113	0.86%	4.63%
2026	46,931,086.79	3.17%	315	2.40%	4.55%
2027	111,854,698.38	7.55%	621	4.74%	4.63%
2028	18,720,392.82	1.26%	102	0.78%	5.16%
2029	1,877,223.56	0.13%	17	0.13%	5.60%
2030	2,212,880.52	0.15%	22	0.17%	5.66%
2031	4,039,295.68	0.27%	36	0.27%	5.62%
2032	733,239.96	0.05%	8	0.06%	5.79%
Floating	217,502,331.58	14.68%	2,136	16.31%	2.15%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

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## 8. Geography

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Province	Current (Provisional)			Weighted Average Coupon	
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers		
Drenthe	34,932,638.48	2.36%	163	2.67%	4.14%
Flevoland	58,097,668.18	3.92%	260	4.25%	4.24%
Friesland	44,101,563.11	2.98%	216	3.53%	4.36%
Gelderland	164,928,952.08	11.13%	664	10.86%	4.35%
Groningen	42,312,734.98	2.86%	228	3.73%	4.26%
Limburg	39,558,393.92	2.67%	181	2.96%	4.32%
Noord-Brabant	192,394,937.69	12.98%	736	12.04%	4.24%
Noord-Holland	314,186,485.47	21.20%	1,128	18.45%	4.17%
Overijssel	76,903,105.81	5.19%	334	5.46%	4.18%
Utrecht	134,203,935.23	9.06%	466	7.62%	4.27%
Zeeland	25,339,280.64	1.71%	149	2.44%	4.58%
Zuid-Holland	354,950,482.72	23.95%	1,588	25.98%	4.36%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

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Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**9. Loan to Foreclosure Value**

In %	Current (Provisional)			Weighted	
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Average Coupon
<b>average: 95,00 %</b>					
<-40.00%	30,715,040.22	2.07%	340	5.56%	4.24%
40.01%-50.00%	34,097,217.37	2.30%	217	3.55%	4.25%
50.01%-55.00%	216,18,303.25	1.46%	122	2.00%	4.19%
55.01%-60.00%	25,792,623.22	1.74%	127	2.08%	4.30%
60.01%-65.00%	35,968,537.19	2.43%	155	2.54%	4.15%
65.01%-70.00%	42,008,225.87	2.83%	173	2.83%	4.22%
70.01%-75.00%	88,004,984.71	5.94%	278	4.55%	4.33%
75.01%-80.00%	49,251,410.90	3.32%	191	3.12%	4.31%
80.01%-85.00%	72,090,939.91	4.86%	280	4.58%	4.33%
85.01%-90.00%	97,985,751.98	6.61%	372	6.09%	4.29%
90.01%-95.00%	125,118,294.58	8.44%	458	7.49%	4.31%
95.01%-100.00%	294,107,604.04	19.85%	979	16.02%	4.15%
100.01%-105.00%	72,488,012.32	4.89%	332	5.43%	4.34%
105.01%-110.00%	83,381,444.75	5.63%	375	6.13%	4.40%
110.01%-115.00%	90,378,960.81	6.10%	379	6.20%	4.38%
115.01%-120.00%	113,168,025.69	7.64%	452	7.39%	4.31%
120.01%-125.00%	164,228,035.14	11.08%	693	11.34%	4.27%
125.01%-130.00%	41,506,766.36	2.80%	190	3.11%	4.35%
Unknown					
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

**10. Loan to Indexed Foreclosure Value**

In %	Current (Provisional)			Weighted	
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Average Coupon
<b>average: 102,63 %</b>					
<-40.00%	28,922,247.50	1.95%	360	5.89%	4.35%
40.01%-50.00%	25,907,095.85	1.75%	186	3.04%	4.44%
50.01%-55.00%	16,618,576.60	1.12%	103	1.68%	4.16%
55.01%-60.00%	19,650,530.36	1.33%	117	1.91%	4.26%
60.01%-65.00%	22,552,046.56	1.52%	107	1.75%	4.18%
65.01%-70.00%	29,778,212.39	2.01%	145	2.37%	4.25%
70.01%-75.00%	37,916,429.95	2.56%	167	2.73%	4.11%
75.01%-80.00%	53,248,015.22	3.59%	220	3.60%	4.28%
80.01%-85.00%	70,035,641.88	4.73%	272	4.45%	4.23%
85.01%-90.00%	80,304,662.59	5.42%	308	5.04%	4.29%
90.01%-95.00%	87,689,100.57	5.92%	364	5.95%	4.29%
95.01%-100.00%	95,017,798.39	6.41%	392	6.41%	4.18%
100.01%-105.00%	128,470,877.89	8.67%	487	7.97%	4.26%
105.01%-110.00%	170,661,173.01	11.52%	610	9.98%	4.26%
110.01%-115.00%	162,614,171.14	10.97%	568	9.29%	4.30%
115.01%-120.00%	102,447,387.16	6.91%	354	5.79%	4.26%
120.01%-125.00%	85,020,479.48	5.74%	333	5.45%	4.25%
125.01%-130.00%	95,294,622.11	6.43%	361	5.91%	4.27%
130.01% - more	169,761,109.66	11.46%	659	10.78%	4.37%
Unknown					
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**11. Outstanding Notional Amount**

Aggregate Outstanding Notional Amount	Current (Provisional)			Weighted Average Coupon	
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers		
less - 25.000,00	611,399.64	0.04%	40	0.65%	4.65%
25.000,00 - 50.000,00	3,502,003.40	0.24%	88	1.44%	4.47%
50.000,00 - 75.000,00	12,796,668.06	0.86%	195	3.19%	4.67%
75.000,00 - 100.000,00	30,644,803.24	2.07%	343	5.61%	4.50%
100.000,00 - 125.000,00	53,452,406.35	3.61%	471	7.71%	4.42%
125.000,00 - 150.000,00	91,044,411.98	6.14%	655	10.72%	4.40%
150.000,00 - 175.000,00	116,077,100.77	7.83%	713	11.66%	4.42%
175.000,00 - 200.000,00	129,569,754.13	8.74%	690	11.29%	4.37%
200.000,00 - 225.000,00	99,069,315.15	6.69%	467	7.64%	4.34%
225.000,00 - 250.000,00	97,566,806.16	6.58%	411	6.72%	4.37%
250.000,00 - 275.000,00	80,055,926.77	5.40%	305	4.99%	4.31%
275.000,00 - 300.000,00	75,926,254.57	5.12%	263	4.30%	4.37%
300.000,00 - 325.000,00	67,078,408.89	4.53%	214	3.50%	4.26%
325.000,00 - 350.000,00	54,570,373.92	3.68%	161	2.63%	4.19%
350.000,00 - 375.000,00	45,081,957.76	3.04%	124	2.03%	4.23%
375.000,00 - 400.000,00	48,995,796.04	3.31%	126	2.06%	4.30%
400.000,00 - 425.000,00	37,548,124.79	2.53%	91	1.49%	4.48%
425.000,00 - 450.000,00	34,590,687.53	2.33%	79	1.29%	4.30%
450.000,00 - 475.000,00	33,808,359.72	2.28%	73	1.19%	4.48%
475.000,00 - 500.000,00	29,298,228.68	1.98%	60	0.98%	4.15%
500.000,00 - 600.000,00	166,376,730.15	11.23%	304	4.97%	4.09%
600.000,00 - 700.000,00	80,193,874.39	5.41%	123	2.01%	3.89%
700.000,00 - 800.000,00	54,809,866.33	3.70%	73	1.19%	3.95%
800.000,00 - 900.000,00	20,256,188.13	1.37%	24	0.39%	3.88%
900.000,00 - 1.000.000,00	18,984,731.76	1.28%	20	0.33%	4.12%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

## 12. Property Description

Description	Current (Provisional)				
	Aggregate	% of Total	Nr of Borrowers	% of Total	Weighted
	Outstanding Not. Amount				Average Coupon
Apartment	226,423,470.98	15.28%	1,270	20.78%	4.32%
House	1,228,665,307.79	82.91%	4,749	77.69%	4.26%
House / Business (> 50%)	26,821,399.54	1.81%	94	1.54%	4.31%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

## 13. Source of Income

Source of Income	Current (Provisional)				
	Aggregate	% of Total	Nr of Borrowers	% of Total	Weighted
	Outstanding Not. Amount				Average Coupon
(Early) retirement	4,363,964.95	0.29%	33	0.54%	4.35%
Permanent Contract	1,248,011,654.68	84.22%	5,230	85.56%	4.30%
Reduced Income	3,618,902.41	0.24%	23	0.38%	4.15%
Rent Receipt	2,296,976.35	0.16%	11	0.18%	4.06%
Retired / Pensioner	17,708,906.76	1.20%	148	2.42%	4.28%
Self Employed	187,525,322.50	12.65%	491	8.03%	4.06%
Unknown	18,384,450.66	1.24%	177	2.90%	4.84%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**14. Occupancy Status**

Occupancy Status	Current (Provisional)				Weighted Average Coupon
	Aggregate	% of Total	Nr of Borrowers	% of Total	
	Outstanding Not. Amount				
Owner Occupied	1,481,910,178.31	100.00%	6,113	100.00%	4.27%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

**15. Mortgage Payment Frequency**

Payment Frequency	Current (Provisional)				Weighted Average Coupon
	Aggregate	% of Total	Nr of Loanparts	% of Total	
	Outstanding Not. Amount				
Monthly	1,481,910,178.31	100.00%	13,099	100.00%	4.27%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>

**16. Interest Payment Type**

Interest Payment Type	Current (Provisional)				Weighted Average Coupon
	Aggregate	% of Total	Nr of Loanparts	% of Total	
	Outstanding Not. Amount				
Fixed	1,264,407,846.73	85.32%	10,963	83.69%	4.64%
Floating	217,502,331.58	14.68%	2,136	16.31%	2.45%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**17. Debt to Income Ratio**

Weighted Average DTI:  
4,20

Ratio	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	
less - 1	8,031,538.81	0.54%	141	2.31%	4.36%
1-2	48,767,797.69	3.29%	428	7.00%	4.50%
2-3	187,217,454.27	12.63%	1,068	17.47%	4.38%
3-4	403,776,526.21	27.25%	1,829	29.92%	4.28%
4-5	464,372,731.13	31.34%	1,696	27.74%	4.22%
5-6	255,048,349.16	17.21%	674	11.03%	4.25%
6-7	83,200,551.70	5.61%	202	3.30%	4.33%
7-8	27,772,356.67	1.87%	66	1.08%	4.12%
8-9	3,152,872.67	0.21%	8	0.13%	3.96%
9-10	570,000.00	0.04%	1	0.02%	3.12%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

**18. Payment to Income Ratio**

Weighted Average PTI:  
0,19

Ratio	Current (Provisional)				Weighted Average Coupon
	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	
0.00 - 0.05	28,793,024.71	1.94%	218	3.57%	2.05%
0.05 - 0.10	105,127,632.39	7.09%	545	8.92%	3.16%
0.10 - 0.15	298,964,344.60	20.17%	1,408	23.03%	3.96%
0.15 - 0.20	471,366,385.69	31.81%	1,992	32.59%	4.32%
0.20 - 0.25	323,884,121.80	21.86%	1,212	19.83%	4.65%
0.25 - 0.30	158,186,340.65	10.67%	467	7.64%	4.87%
0.30 - 0.35	91,396,074.12	6.17%	242	3.96%	4.83%
0.35 - 0.40	224,024.15	0.02%	1	0.02%	4.20%
0.40 - 0.45	407,062.65	0.03%	2	0.03%	5.11%
0.55 - 0.60	43,448.79	0.00%	1	0.02%	6.50%
Unknown	3,517,718.76	0.24%	25	0.41%	4.23%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>



Orange Lion 2013-9 RMBS B.V.  
Provisional Stratification Tables

**19. In construction**

Construction deposit	Current (Provisional)				
	Aggregate	% of	Nr of	% of	Weighted
	Outstanding		Borrowers		Average
Not. Amount	Total	Total	Total	Coupon	
<b>Total Construction Deposits:</b>					
<b>€ 1.614.992,16</b>					
In Construction	127,440,184.09	8.60%	592	9.68%	4.28%
No Construction Deposit	1,354,469,994.22	91.40%	5,521	90.32%	4.27%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>4.27%</b>

**20. Guaranteed Loanpart**

Guarantee Indication	Current (Provisional)				
	Aggregate	% of	Nr of	% of	Weighted
	Outstanding		Loanparts		Average
Not. Amount	Total	Total	Total	Coupon	
NHG	419,707,569.23	28.32%	5,147	39.29%	4.43%
No Guarantee	1,062,202,609.08	71.68%	7,952	60.71%	4.21%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>13,099</b>	<b>100%</b>	<b>4.27%</b>

**21. ING Staff**

Staff	Current (Provisional)				
	Aggregate	% of	Nr of	% of	Weighted
	Outstanding		Borrowers		Average
Not. Amount	Total	Total	Total	Coupon	
Not Employed by ING	1,481,910,178.31	100.00%	6,113	100.00%	4.27%
	<b>1,481,910,178.31</b>	<b>100%</b>	<b>6,113</b>	<b>0%</b>	<b>4.27%</b>

## 6.2 DESCRIPTION OF MORTGAGE LOANS

The loan products or loan parts to which the Mortgage Receivables relate can be categorised and described as follows (regardless of the different names used by the Seller to refer to its loan products falling under the same category):

1. **Interest-only Mortgage Loan:** Under an Interest-only Mortgage Loan only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-only Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
2. **Annuity Mortgage Loan:** An Annuity Mortgage Loan is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. Given that with each principal payment part of the Mortgage Loan is redeemed, the interest component declines after each successive payment. The principal component increases in such a way that the remaining balance of the Mortgage Loan at maturity will be zero. An Annuity Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
3. **Linear Mortgage Loan:** The periodical payment under a Linear Mortgage Loan consists of a constant principal component plus an interest component based on the remaining Mortgage Loan balance. The balance of the Mortgage Loan is thus being repaid in a straight-line fashion i.e. linear, and will be zero at maturity, while the interest payment declines after each successive payment. A Linear Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
4. **Investment Mortgage Loan:** Under an Investment Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Mortgage Loan, the Borrower pledges a securities account (a Borrower Investment Account) which it maintains with an investment firm or a bank established in The Netherlands. Under the related securities account agreement, the Borrower pays (upfront and/or on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. An Investment Mortgage Loan has an investment part and with respect to certain Investment Mortgage Loans, the Borrower has the possibility to open a savings account which is connected to his Borrower Investment Account. The savings account is maintained in the name of the Borrower with ING. Subject to the terms and conditions of the relevant Investment Mortgage Loan, at the option of the Borrower, (part of) the sum which is to be paid by the Borrower (upfront and/or on a regular basis) is deposited in such savings account (rather than being invested through the Borrower Investment Account). The Borrower will be allowed to switch from investments to savings and *vice versa* in accordance with the terms and conditions of the relevant Investment Mortgage Loan. To secure such Investment Mortgage Loan, the Borrower pledges the savings account. An Investment Mortgage Loan is not connected to a Mixed Insurance Policy;
5. **Life Mortgage Loan:** Under a Life Mortgage Loan (including a life insurance loan), like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Life Mortgage Loan, the Borrower pledges the rights under a Life Insurance Policy to the Seller. Under the Life Insurance Policy the Borrower pays premium consisting of (apart from a cost element) a risk and a capital/investment element. The Borrower has the choice between (i) the Traditional Alternative and (ii) the Unit-Linked Alternative. "**Traditional Alternative**" means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain (bond) investments chosen by the relevant Insurance Company with a guaranteed minimum yield. "**Unit-Linked Alternative**" means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower out of a selection of funds selected by the Seller. The insurance proceeds of the Life Insurance Policy are due by the Insurance Company at the earlier of the maturity of the Life Insurance Policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Life Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Life Mortgage Loan is connected to a Life Insurance Policy;

6. **Savings Mortgage Loan:** Under a Savings Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Savings Mortgage Loan, the Borrower pledges the rights under a Savings Insurance Policy to the Seller. Under the Savings Insurance Policy the Borrower pays premium consisting of (apart from a cost element) a risk and a savings element. The savings element is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Savings Insurance Company are equal to the principal amount due by the Borrower at maturity of the Savings Mortgage Loan. The insurance proceeds of the Savings Insurance Policy are due at the earlier of the maturity of the Savings Insurance Policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Savings Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Savings Mortgage Loan is connected to a Savings Insurance Policy, but does not have an investment part;
7. **Hybrid Mortgage Loan:** Under a Hybrid Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. A Hybrid Mortgage Loan is a combination of a Life Mortgage Loan and a Savings Mortgage Loan. To secure the Hybrid Mortgage Loan, the Borrower pledges the rights under a Savings Investment Insurance Policy to the Seller, which is a combined risk and capital insurance policy. Under the Savings Investment Insurance Policy the Borrower pays premium consisting of (apart from a cost element) a risk element and an investment element and, if applicable, a savings element. Due to the hybrid nature of the Savings Investment Insurance Policy, the Borrower has the right (subject to various conditions) (i) to choose to invest the life insurance premiums (a) in investment funds, as in the Life Insurance Policy of the Unit-Linked Alternative as described above, or (b) in a savings part, as in the Savings Insurance Policy as described under Savings Mortgage Loan above, and (ii) to switch between the Unit-Linked Alternative and the savings insurance alternative of the Savings Investment Insurance Policy, in whole or in part. The insurance proceeds of the Savings Investment Insurance Policy are due at the earlier of the maturity of the Savings Investment Insurance Policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Hybrid Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Hybrid Mortgage Loan is connected to a Savings Investment Insurance Policy and has an investment part;
8. **Bank Savings Mortgage Loan:** Under a Bank Savings Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Bank Savings Mortgage Loan, the Borrower pledges the rights in respect of a Bank Savings Account to the Seller, which is held in the name of the Borrower with the Bank Savings Participant and which is connected to the Bank Savings Mortgage Loan. The Bank Savings Account is a blocked account and the amounts standing to the credit thereto shall in principle only be released at maturity of the Bank Savings Mortgage Loan (which is generally thirty years), the death of the Borrower or, subject to the applicable general conditions, in certain other limited circumstances (e.g. a sale of the Mortgaged Asset) and shall, subject to the applicable general conditions, in principle only be applied to repay the related Bank Savings Mortgage Loan. The Borrower has the choice between (i) Alternative I and (ii) Alternative II. Under Alternative I the Borrower during the life of the Bank Savings Mortgage Loan makes a monthly fixed payment into the Bank Savings Account, which will only be adjusted upon a prepayment being made in respect of the Bank Savings Mortgage Loan. The monthly fixed payment is calculated in such a manner that, on an annuity basis, the aggregate amount (consisting of such monthly fixed payments and accrued interest thereon) credited to the Bank Savings Account at maturity of the Bank Savings Mortgage Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Mortgage Loan. The interest rate payable by the Bank Savings Participant in respect of the Bank Savings Deposit is not linked to the interest rate payable by the Borrower under the Bank Savings Mortgage Loan. In respect of Alternative I, in the event that the Bank Savings Account is terminated within ten years from the date on which the Bank Savings Account became effective, the Borrower is obliged to repay the Bank Savings Mortgage Loan in full. Under Alternative II, the Borrower during the life of the Bank Savings Mortgage Loan makes a monthly fixed payment into the Bank Savings Account whereby the interest rate payable by the Bank Savings Participant in respect of the Bank Savings Deposit is linked to the interest rate payable by the Borrower under the Bank Savings Mortgage Loan. The monthly fixed payment will be adjusted each time that either a prepayment is made in respect of

the Bank Savings Mortgage Loan, an amendment is made to the maturity date of the Bank Savings Mortgage Loan, the Borrower makes an additional payment into the Bank Savings Account or the interest rate payable by the Borrower under the Bank Savings Mortgage Loan is reset (i.e. at the end of each fixed-interest period), to ensure that (similar to Alternative I) the aggregate amount credited to the Bank Savings Account (consisting of such payments and accrued interest thereon and calculated in such manner on an annuity basis) at maturity of the Bank Savings Mortgage Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Mortgage Loan. If at maturity of the Bank Savings Mortgage Loan, the related Bank Savings Deposit is insufficient to repay the Bank Savings Mortgage Loan in full, the Borrower is obliged to make up the shortfall. A Bank Savings Mortgage Loan has a savings part but not an investment part and is not connected to a Mixed Insurance Policy; and/or

9. A Revolving Credit Mortgage Loan (a "**Revolving Credit Mortgage Loan**") is a loan which can be repaid at any time by the Borrower without incurring any prepayment penalty. Under the relevant Mortgage conditions the Borrower may at any time make drawings up to the agreed maximum amount and reborrow amounts which have been repaid,

provided that if and to the extent that the amount of the relevant Mortgage Loan (other than an NHG Mortgage Loan (see section 6.5 (*NHG Guarantee Programme*) of this Prospectus)) exceeds a certain percentage of the foreclosure value (*executiewaarde*) or market value (*marktwaarde*) (as the case may be) of the relevant Mortgaged Asset as set out in the applicable Lending Criteria, the Borrower is advised (but not obliged) to enter into a Risk Insurance Policy under which the Borrower pays premium consisting of (apart from a cost element) a risk element only, and to pledge such Risk Insurance Policy to the Seller as security for the Mortgage Loan.

Based on the numerical information set out in the section 6.1 (*Stratification Tables*) but subject to what is set out in section 2 (*Risk Factors*), the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any amounts due and payable under the Class A Notes and the Class B Notes.

### **Interest types**

The Seller offers a number of different types of interest on its mortgage products, which are up to the date of this Prospectus as summarised below.

#### *Floating rate interest (Variabele rente)*

The floating interest rate is fixed for a period of one, three, six or twelve months. The interest rate can be changed on the first day of a subsequent period of one, three, six or twelve months in line with the prevailing interest rate on the last banking day previous to such subsequent period.

#### *Fixed rate interest (Vaste rente)*

The Borrower pays the same interest rate throughout the fixed-interest period. The fixed-interest periods are available in terms of one year to twenty years. Subject to certain conditions it is possible to change the term (of the fixed-interest period) by means of either interest rate averaging or by paying up front the cash value of the interest difference.

The Borrower may opt for an interest consideration period (*rentebedenktijd*), in which case the Borrower can during the last year or, as the case may be, during the last two years of a fixed interest period choose a new fixed interest period.

#### *Combination of interest periods (Renteknip)*

A Borrower may divide its Mortgage Loan into two or more parts. Different interest periods may be applicable to the various parts of the Mortgage Loan. The intention is to avoid a sudden interest rate increase that would otherwise apply to the entire amount of the Mortgage Loan.

### **No revaluation**

No revaluation of the Mortgaged Assets has taken place for the purpose of the issuance of the Notes.

## 6.3 ORIGINATION AND SERVICING BY ORIGINATOR

### General

ING (in its capacity as Seller), a subsidiary of ING Groep N.V., is supervised by DNB, and has transferred and may transfer further Mortgage Receivables to the Issuer pursuant to the Mortgage Receivables Purchase Agreement.

### Origination

#### *Introduction*

The mortgage loans are distributed through independent broker agents and ING Groep N.V. broker agents or by telephone or internet in combination with regular mail. New mortgage loans are accepted on the basis of a fixed underwriting protocol.

The principal items in the underwriting protocol are:

#### *Ministerial Regulation and the Code of Conduct (Gedragscode Hypothecaire Financieringen)*

The Ministerial Regulation (*Tijdelijke regeling hypothecair krediet*) and the Code of Conduct on mortgage financing are applicable to all Dutch financial institutions offering mortgage loans for the purchase, reconstruction or refinancing of the borrower's property. The Ministerial Regulation dictates the income criteria for the borrower and the maximum loan to value, which are hence incorporated in Dutch law. The Code of Conduct dictates among others how to determine the maximum loan capacity of the borrower, and operates on a "comply or explain" basis. This means that each mortgage provided needs to comply with the Code of Conduct or appropriate explanation needs to be provided on an individual mortgage basis. The calculation of the maximum loan capacity is based on an annuity test, an interest rate determined quarterly by the Contactorgaan Hypothecair Financiers and the maximum debt-to-income ratios (housing ratios). Currently, a minimum interest rate of 5.3% applies to mortgage loans with a floating or fixed rate of interest of up to a term of 10 years. For mortgage loans with longer fixed rate terms, the actual mortgage rates are to be used, with a current minimum of 5.3%. Based on this interest rate and the duration of the loan a monthly annuity is calculated. The total annuity payments per year should be less than the maximum housing ratio (and therefore compliant with the annuity test). The Code of Conduct also dictates when it is permissible to deviate from this annuity test in order to test with the real mortgage expenses. These cases being, for example, a loan to value below 100% or a fixed interest rate term of 10 years or more.

In the case of a dual income household, the housing ratio is determined by the higher of the two incomes. If the full dual income exceeds EUR 41.000, the lower of the two incomes is incorporated for 1/3 in the household income to determine the maximum loan amount. In order to meet the underwriting criteria, the maximum acceptable housing ratio ranges between 18.5% and 40.0% where the borrower is not older than 65 years and between 20.5% and 46.5% if the borrower is older than 65 years, depending of the income of the borrower. The higher the income, the higher the maximum housing ratio.

Since 1 August 2011, the mortgage lending conditions set out in the Code of Conduct have become more strict. As of 1 January 2013, mortgages may not exceed 105% of the market value (*vrije verkoopwaarde*) of the property, the interest-only element of a mortgage may not exceed 50 per cent. of the property's market value and the rules surrounding the approval of 'explain' mortgages (i.e. mortgages that do not necessarily comply in full with the Code of Conduct) have been tightened.

#### *Income*

A vast majority of borrowers under mortgage loans receive income from paid employment. For most other borrowers under mortgage loans, the income is generated from self-employed activity, pensions, social benefits or alimony. The income components are stipulated in the protocol. A check on the income is conducted by requesting salary statements and a recent employer's declaration. Self-employed persons have to comply with predefined ratings from an internal rating model and/or have to submit full annual accounts (including an auditor's report or sign-off) for the business over the past three years. A director/majority shareholder is regarded as self-employed.

### *National Credit Register (Bureau Krediet Registratie – BKR)*

A check is completed on every borrower under a mortgage loan with the BKR. A negative credit registration on the borrower's name will, in principle, lead to a rejection of the mortgage request.

### *Collateral*

To determine the market value of the property either (i) a valuation report, (ii) a WOZ value statement (which is a value statement of the property by the Dutch Tax authorities), (iii) a purchase and acceptance agreement, or (iv) a purchase agreement combined with (i) or (ii) may be used, dependent upon the type of property (existing property, existing property being partly reconstructed, a newly constructed property).

In case that a valuation report is required, the valuation will have to be carried out by a registered valuer, that is known by the relevant local branch of the Seller and that is a member of a selected organisation, being either the "*Nederlandse Vereniging van Makelaars*" (Netherlands Association of Real Estate Brokers), the "*Landelijke Makelaars Vereniging*" (National Real Estate Brokers' Association), the "*Vereniging van Registrerend Taxateurs*", the "*Vereniging Bemiddeling Onroerend Goed*", the "*Registratie Makelaars-taxateurs*", or which is registered with either "*Stichting VastgoedCert, kamer Wonen*" or with "*Stichting Certificering VBO-Makelaars*". The registered valuer must be independent and may (therefore) not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located.

A valuation report will be required:

- (a) if a mortgage loan is intended to have the benefit of an NHG Guarantee (except for newly constructed properties);
- (b) in case of a newly built property, provided that the principal amount of the mortgage loan exceeds EUR 1,000,000;
- (c) in case of an owner-built property;
- (d) for all uncommon properties (e.g. monuments); and
- (e) for properties which are not fully for permanent residential purposes.

The foreclosure value of a property is defined as a certain percentage of the market value, currently being 80%.

A valuation report with a valuation date no older than 6 months, or WOZ value statement that is not older than 12 months and that adheres to all other criteria set by the Seller, is deemed acceptable.

The maximum principal amount outstanding under a mortgage loan varies between 100% and 125% of the foreclosure value of the property at origination. The foreclosure value is approximately 80% of the market value of the property. Currently, newly originated mortgages have a maximum principal outstanding of 105% of the market value of the property at origination.

### *Other underwriting conditions*

Apart from the principal underwriting factors set out above, the following conditions apply: (i) mortgage loans are granted only to individuals, (ii) the relevant owners assume joint and several liability for the mortgage receivable and (iii) mortgage loans are granted on the borrower's own residential property only.

### *Mortgage Analysis Programme*

First checks are performed against the BKR and the EVA (*Externe Verwijzings Applicatie*) database verifying the amount of other outstanding credit lines in the name of the borrower and whether the borrower has been registered on a fraud list. The mortgage calculations are processed through a proprietary software mortgage analysis tool, which also calculates the maximum mortgage loan amounts that can be advanced. Once the mortgage loans have been approved, the mortgage loan offer software will generate the approved mortgage loan offer. Certain mortgage loans that are not approved in first instance (e.g. due to the loan amount requested or applications that do not comply with the standard protocols) can be approved

manually on three levels, depending, among other things, on the amount of the mortgage loan requested. Periodically, internal audit checks are conducted to determine whether the mortgage loans are granted in conformity with the Seller's origination criteria applying to mortgage loans. Approved and accepted mortgage loans are administered in 'HYPOS', the applicable mortgage loan administration system.

#### *Acceptance*

Before final acceptance of a mortgage loan by a borrower, a check is performed on whether the borrower has met all the pre-conditions stated in the mortgage offer. After acceptance, the final terms of the mortgage deed are sent to the civil law notary. The civil law notary can only make the relevant advances (paid to it by the Seller) to the borrower after the mortgage deed has been signed.

#### *Insurance*

A borrower is required to take out insurance in respect of the property against risk of fire and other accidental damage for the full restitution of the value thereof.

#### *Security*

Each mortgage loan is secured by a first priority right (*eerste in rang*) or a first and sequentially lower priority right of mortgage in the form of a notarial deed, which is duly registered at the land register (*Dienst van het Kadaster en de Openbare Registers*). When a mortgage deed is first presented for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. ING accepts in principle a second (and sequentially lower) mortgage right if the first entry of a mortgage right is made in the name of ING. Currently, only in the case of a bridge loan, ING accepts a second ranking right of mortgage where a first ranking right of mortgage has already been registered in the name of a third party whereby additional conditions will apply to the relevant mortgage loan (e.g. a higher interest rate and a lower maximum principal loan amount). A bridge loan is based on an expected increase in the value of the current property to finance a new property, before the old property is sold.

### **Servicing**

#### *Introduction*

The Servicer is responsible for the mortgage administration of the Dutch business units of ING, including the non-commercial contacts with the clients. Currently, the Servicer provides mortgage administration services for approximately 700,000 mortgage loans (ING), amounting to approximately EUR 107 billion. The Servicer has offices located in Amsterdam, Leeuwarden, Rotterdam, Zwolle and Eindhoven. Most of the Servicer's mortgage administration and arrears management services are carried out in Amsterdam.

#### *Mortgage administration*

Following the granting of the loan and the creation of the mortgage, the normal administration of the mortgage loan in 'HYPOS' commences. The Servicer's portfolio administrative control is divided into collection procedure, administration, administrative control of arrears, technical administrative control, interest rate reviews and file creation.

#### *Interest collection*

For the vast majority of the mortgage loans, interest is collected by a direct debit account. Each month, the mainframe automatically calculates the amount of interest due. The interest on loans originated by ING is collected in arrears on the first business day of each month. The interest received is recorded in each borrower's ledger account. From then on, all payments per borrower are automatically recorded under each operating entity. This automated process has a very low fail rate. Failure can be caused by a change in bank account of the borrower without the Servicer being notified or an insufficient balance on the bank account to satisfy the payment. In case the first direct debit attempt has failed, automatically new attempts will be made every week. The borrower will receive a first reminder on the tenth day following the first unsuccessful automatic collection.

### *Arrears management*

If a borrower fails to meet his payment obligations, the file is transferred to the central arrears management departments after 60 days. The arrears management activities globally consist of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the customer. In this phase, contact is made with the borrower and possibly with the employer of the borrower. The borrower receives personal attention by a team that has, on average, more than 5 years of experience in arrears management.

The second phase consists of preventing losses and/or liquidation where the goal is to control risk, with the intent to maximise collections. A final effort can be made to re-instate the payment pattern. Priority is given to urge customers to voluntarily sell the collateral (private sale), a process that is co-ordinated by arrears management and an estate agent to maximise the recoveries. Foreclosure occurs if and when the borrower is unwilling or unable to sell the property voluntarily or the borrower cannot be located. In this case, active attention is given to the foreclosure procedure in order to maximise revenues.

However, the procedure can be adjusted to reflect risk considerations. The arrears administrative control procedure is as follows:

- (a) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first, premium (insurance, investment and/or savings), second, penalty payment, third, interest and finally, repayment.
- (b) During the first week a letter, sms or e-mail is sent to the debtor.
- (c) If this letter, sms or e-mail is unsuccessful in eliciting payment, or contact, a second letter, sms or e-mail is sent to the debtor in the same process week.
- (d) If by the end of process week 1 no contact has been made or no payment received the debtor is called and the consequences of non-payment are explained. If telephone contact is unsuccessful, a field agent is instructed to visit the debtor.
- (e) If, 21 days after the due date, payment has still not been received, a notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. This status update will be re-sent on a monthly basis. The borrower will be subjected to a test in BKR to check for other outstanding debts.
- (f) After 65 days a letter is sent to the borrower. In this letter the borrower is informed of the arrears, the amount that is due and that if after 120 days the payment has not been received arrears management will make a notification to the BKR.
- (g) If, 70 to 75 days after the due date, payment has still not been received, telephone contact is established between the assigned arrears administrator and the borrower. Based on this contact, a plan is made for the special intensive arrears administration which gets entered into the system.
- (h) If, more than 80 days after the due date payment still has not been received, the arrears management employee can among others send a stronger letter, send a field employee to the borrower, make an attachment of earnings, call the employer and discuss a voluntary attachment of earnings. Actual steps taken are decided upon on a case-by-case basis.
- (i) If no payment has been received 120 days after the due date, the borrower is reported to the BKR.
- (j) After 127 days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for each borrower.
- (k) After 150 days a valuation report is made on behalf of arrears management. If necessary a valuation report can be made at an earlier stage.
- (l) If the borrower still has not paid or reacted, the file is transferred to a senior arrears management employee (B / C employee). Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimising the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.

- (m) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and ING. This typically happens within the notice period of 8 months, however, at a maximum of 14 months delinquency.

#### *Foreclosure procedures*

If a borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the borrower's file is handed over to the intensive arrears management department to initiate foreclosure. The directive within the Servicer is that this does not take place later than six months after the date of the second monthly payment in arrear. Foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no (prospect of a) foreseeable solution.

ING has the right to publicly sell (by auction) the mortgaged property if the borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, ING does not have to obtain court permission prior to foreclosing on the mortgaged property. If the proceeds from the sale (by auction) of the mortgaged property do not fully cover ING's claims, ING may also sell any pledged insurance policy or deposit. However, after giving such notification, Dutch law requires that before a lender can foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and must be given reasonable time to comply with the lender's claims.

In the case of a borrower's bankruptcy, ING may foreclose on the borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time. Failing this deadline could cause the bankruptcy trustee to take over the foreclosure proceedings. If this occurs, ING must contribute to the general bankruptcy costs.

If ING decides to sell the property, it is required to notify the parties directly involved, including the borrower as well as the person owning the asset (in the event that these are not the same parties). The notification must include the amount outstanding and the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale.

Prior to foreclosure, ING will calculate the best method of maximising the sale value of the mortgaged property. Based on this calculation, ING may decide that the property should be sold either in a private sale or by public auction. A private sale can, and often does, replace a public auction, provided that the legal requirements are fulfilled (which include obtaining permission from the relevant district court for the private sale). When notification of foreclosure is made by ING, formal instructions are given to the relevant civil law notary. The date of the sale will be set by the civil law notary within, in principle, three weeks of this instruction and will usually be approximately six weeks after the decision to foreclose has been made (depending on the region and the number of other foreclosures being handled by the relevant district court at the time).

The distribution of the foreclosure proceeds depends on whether there is only one mortgage holder or whether there are several. If there is one mortgage holder, the proceeds will be distributed to the mortgage holder after deducting the costs of foreclosure. In the case of more than one mortgage holder, the distribution of proceeds takes place according to the priority of the mortgages.

In general, it takes on average two to four months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, ING follows the requirements set forth in Dutch law and its so-called "Intensive Arrears Management Manual".

In the auction ING's employees from arrears management are present. Their goal is to ensure that the minimum price determined beforehand is achieved. That includes active bidding in the auction. If at the end of the auction ING's employee is the highest bidder, then ING will become the owner of the property. For this purpose a purchase company is established. This full subsidiary of ING, called JUZA, aims to sell the property again on a cost-covering basis within a period of 12 months. This period of 12 months allows the JUZA to ask for a refund of the transfer tax (*overdrachtsbelasting*).

#### *Outstanding amounts*

If a residual debt remains after foreclosure, the borrower concerned remains liable for this residual. A collection agency is brought in to determine whether the claim can be collected. In principle, a new payment scheme is arranged for the residual debt. If the borrower does not wish to agree to a payment

scheme or does not comply with an agreed payment scheme, other measures can also be taken, including taking recourse on the borrower's salary. These measures also include the engagement of a bailiff.

#### *Fraud desk*

All banks in The Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks (*Nederlandse Vereniging voor Banken*). A national fraud desk (*Counter Hypotheken Fraude*) has been established through which all the banks notify each other of possible fraud cases. Within ING, a fraud desk has been established for all mortgage loans. All known fraud cases are registered in an internal and external verification system that identifies fraudulent borrowers. Each new mortgage loan application is automatically run through this register. Additionally, new names added to the register are automatically crosschecked within the existing mortgage loans of ING.

ING actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process (i.e. different departments of ING and the different originating labels of ING). In addition, a fraud site has been created on the intranet within ING (as Servicer or Seller), including a checklist of indicators for fraud. Employees are well trained on the different aspects of possible fraud. All suspicious applications are screened and if necessary sent to the special fraud desk.

In case of the detection of fraud in respect of an existing mortgage loan, the policy of ING (as Servicer or Seller) is to accelerate the mortgage loan concerned and report the borrower to the police. The official reporting route of this procedure is undertaken in close cooperation with ING's prevention and security team.

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a wide range of mortgage loan products and a high degree of competition between mortgage lenders. The latter has recently been questioned by consumer organisations. In their view margins have become too high due to government interference. Banks who received government support were restricted in the sense that they are not allowed to be a price leader. The Dutch competition authority concluded that this was not the case.<sup>2</sup> Furthermore, historic practices, culture and most importantly tax legislation (especially those pertaining to the deductibility of mortgage interest) have shaped the Dutch residential mortgage market in quite a unique way.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a period of between 5 and 10 years. The historically low mortgage loan interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate (up to as much as 30 years, which gives people almost life-long certainty).<sup>3</sup> For this reason Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.<sup>4</sup>

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the second quarter of 2011. Since then the aggregate outstanding mortgage debt of Dutch households is stabilising (Chart 1)<sup>5</sup>. The Dutch mortgage market is still supported by a gradual increase in the levels of owner-occupation and an environment of low mortgage loan interest rates.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers. The relatively risky mortgage loan products have since the start of the credit crisis in 2007 lost their attraction and are nowadays no longer provided.<sup>6</sup>

### **Tax deductibility and regulation**

The mortgage loan products offered by lenders reflect the tax deductibility of mortgage loan interest (which was deductible in full until 2001, see next paragraph) and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high loan to foreclosure values and the extensive use of interest-only mortgage loans (which need only be redeemed at maturity). For borrowers wanting to redeem their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

As from January 2001, mortgage loan interest tax deductibility has been restricted in three ways. Firstly, deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes). Secondly, deductibility is only allowed for a period of up to 30 years. Lastly, the top tax rate has been reduced from 60 per cent. to 52 per cent. However, these tax changes did not have a significant impact on the rate of mortgage loan origination, mainly because of the ongoing decrease of mortgage interest rates at that time.

On top of the limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted as from 1 January 2004 for borrowers that relocate to a new house and refinance their mortgage loan. Under the new tax regulation (*Bijleenregeling*), tax deductibility in respect of interest on the mortgage loan pertaining to the new house is available only for that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house.

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<sup>2</sup> NMA, Sectorstudie Hypotheekmarkt, 30 May 2011

<sup>3</sup> Dutch Central Bank, statistiek, statistieken DNB, financiële markten, rentes, T1.2.2 (31 October 2012)

<sup>4</sup> Maarten van der Molen en Hans Stegeman, 2011, De ongekende stabiliteit van de Nederlandse woningmarkt, 7 May 2011

<sup>5</sup> Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012)

<sup>6</sup> Boonstra and Treur (2012) "Reactie op: Hollands hoge hypotheekrentes" ESB, 12 October 2012

Since 1 August 2011, the requirements for mortgage lending have been tightened by the Financial Markets Authority (AFM) leading to a revised Code of Conduct for Mortgage Lending (*Gedragscode Hypothecaire Financieringen*), to limit the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 104 per cent. of the market value of the mortgaged property plus transfer tax. In addition, only a maximum of 50 per cent. of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.<sup>7</sup> Consequence is that banks are less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause. In practice, expected income rises of first-time buyers were frequently included, which lead to additional borrowing capacity.<sup>8</sup>

### **Recent changes in regulation**

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortise over 30 years or less and are being amortised on at least an annuity basis and are actually paid off complying with a statutory formula.

Furthermore, the maximum loan-to-value (mortgage loan versus the market value of the house) will be gradually lowered to 100%. The transfer tax that was already temporarily lowered from 6% to 2% on 1 July 2011 with effect from 15 June 2011, will remain at 2%.<sup>9</sup>

In addition to these changes further restrictions on the interest deductibility are proposed. On 29 October 2012 the coalition agreement (*Regeerakkoord*) was published, in which it is proposed to gradually reduce the income tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility would be reduced from 52% to 42% in 20 years, so a 0.5%-point reduction per year.

### **Recent trend in house prices and transactions<sup>10</sup>**

The Dutch residential property market is still not showing any signs of recovery. In the third quarter of 2012 the average house price fell by 8.0 per cent. as compared to the same period last year (Chart 2). A lack of confidence among house buyers has sapped momentum from the market. From peak-to-trough the price decline amounts to 15.6 per cent. (Chart 3). Residential property sales went down in the third quarter and still fluctuate at a low level. On a twelve-month basis, the number of transactions amounts to 113,637 which is around 45 per cent. lower than pre-crisis (Chart 4).<sup>11</sup>

### **Foreclosures**

The number of arrears and involuntary sales of residential property by public auction ("**forced sale**") in The Netherlands is traditionally very low compared to international standards.<sup>12</sup> Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before 2001, the total number of foreclosures was therefore limited compared to the number of owner-occupied houses.<sup>13</sup>

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<sup>7</sup> Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct

<sup>8</sup> M.T. van der Molen, 2012, *Aanschaffen woning is makkelijker*, January 2012

<sup>9</sup> Rijksoverheid, 2012, *Stabiliteitsprogramma Nederland*, april 2012 actualisatie

<sup>10</sup> Rabobank Economic Research Department – *Dutch Housing Market Quarterly August 2012*

<sup>11</sup> Statistics Netherlands, *cijfers, cijfers per thema, bouwen en wonen, verkochte woningen (31 October 2012)*

<sup>12</sup> Comparison of S&P 90+ day delinquency data,

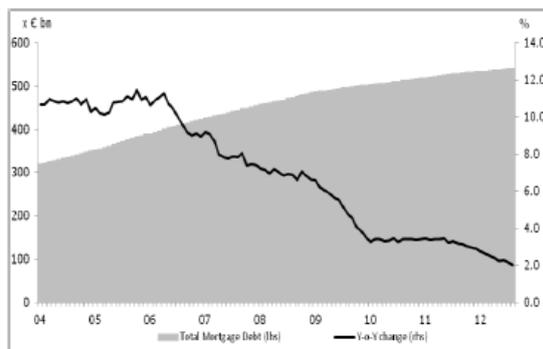
<sup>13</sup> Kadaster and CBS, *cijfers, cijfers per thema, bouwen en wonen, verkochte woningen (31 October 2012)*

The relatively prolonged economic downturn from 2001 to 2005 led to a significant rise in the amount of mortgage loan payment arrears and correspondingly forced house sales (Chart 5). The number of foreclosures in The Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry (*Kadaster*) recorded 2,811 forced sales in 2011. In the third quarter of 2012 the number of foreclosures amounted to 520, compared to 432 in the same period in 2011 (Chart 5). Recent research confirms that the number of households in payment difficulties in The Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt.<sup>14</sup>

The proportion of forced sales is of such size that it is unlikely to have a significant impact on house prices. The Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates the negative effect of the economic recession on house prices. In the unforeseen case that the number of foreclosures were to increase significantly, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on his mortgage loan payment obligations.

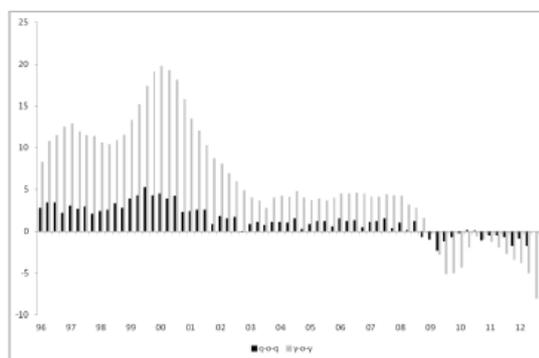
Even though in a relative sense the increase over the last years is substantial, the absolute number of forced<sup>15</sup> sales is obviously still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in The Netherlands. However, based on the published total amount of residential mortgage debt outstanding<sup>16</sup> and the current average mortgage loan principal amount it is estimated that the total number of residential mortgage loans outstanding in The Netherlands exceeds 3 million. A total of approximately 2,500 foreclosures per year since 2005 therefore corresponds to approximately 0.1 per cent. of the total number of residential mortgage loans outstanding.

Chart 1: Total mortgage debt



Source: DNB

Chart 2: Dutch property price development



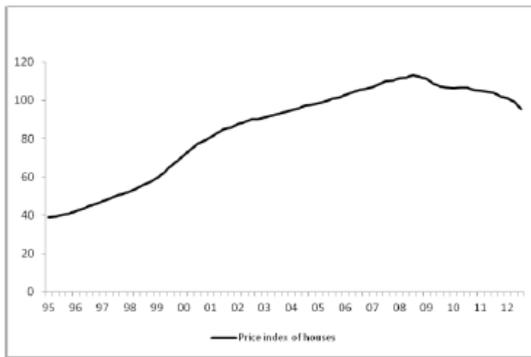
Source: NVM

<sup>14</sup> Standard & Poor's, 2010, Mortgage lending business supports some European banking systems

<sup>15</sup> Kadaster

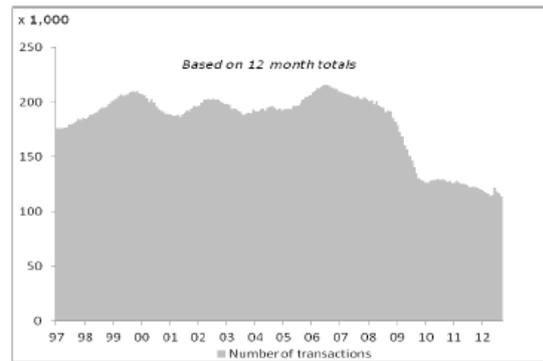
<sup>16</sup> Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012)

Chart 3: Development house price index



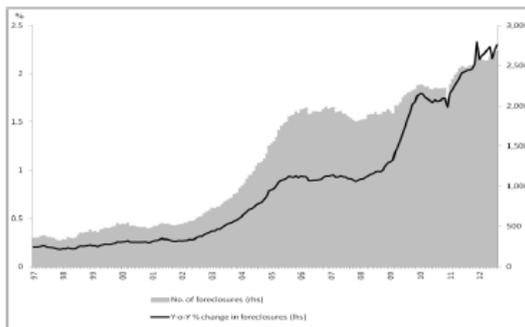
Source: Statistics Netherlands/State Registry

Chart 4: Number of house sale transactions



Source: Land Registry

Chart 5: Number of foreclosures



Source: Land Registry

## 6.5 NHG GUARANTEE PROGRAMME

### Municipality Guarantee

In 1960, the Dutch government introduced the 'municipal government participation', an open ended scheme in which the municipalities give, according to a set of defined criteria, Municipality Guarantees. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the Municipality Guarantee, the Dutch State would make an interest free mortgage loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Municipality Guarantee is reduced accordingly. Additional mortgage loans made under a mortgage loan agreement are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

### NHG Guarantee

Since 1 January 1995 Stichting WEW has been responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on a mortgage loan, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (interest and principal) as if such mortgage loan were being prepaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments or prepayments under such mortgage loan (see section 2.5 (*Mortgage Receivables and Mortgaged Assets*)).

### Transition from Municipality to NHG Guarantee

The Dutch State has effectively transferred its reimbursement obligations with respect to amounts guaranteed by a Municipality to Stichting WEW. All municipalities have transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to Stichting WEW.

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

### Financing of Stichting WEW

Stichting WEW finances itself by, among other things, a one-off charge to the borrower of 0.85% (as of 1 January 2013) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to Stichting WEW from the Dutch State and, in respect of guarantees issued prior to 1 January 2011, from the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50% and, only in respect of guarantees issued from 1 January 2011, 100% of the difference between Stichting WEW's own funds and a pre-determined average loss level. In respect of guarantees issued prior to 1 January 2011 the municipalities participating in the NHG scheme will provide subordinated interest free loans to Stichting WEW, the other 50% of the difference. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), moratorium of payments (*surséance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### Terms and Conditions of the Municipality Guarantee

The Dutch State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, among other things, the following

conditions had to be met: (1) a municipality guarantee must be applied for the purchase of an asset; (2) the applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed 375,000 Dutch Guilders (which amounts to approximately 113,445 euro); (4) the relevant mortgage loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged asset, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the property by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the property is adequately insured (by the borrower) against fire damage during the term of the mortgage loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (i) without the consent of the municipality the lender shall not agree to a suspension of payment under the mortgage loan; (ii) the lender must inform the municipality on a yearly basis as to the amount outstanding under the mortgage loan; (iii) if and when the borrower is in default under the mortgage loan, the lender must inform the municipality accordingly; (iv) if the default of the borrower under the mortgage loan is continuing, the lender may not sell the property, except with the consent of the municipality; (v) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

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

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

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

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the BKR, a central credit agency used by all financial institutions in The Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie Hypotheken*, "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

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

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

In the period from 1 July 2009 up to 30 June 2012, an NHG Guarantee could be issued up to a maximum amount of EUR 350,000. As of 1 July 2012 an NHG Guarantee could be issued up to a maximum amount of EUR 320,000, although effective as from 1 July 2013 this will be lowered to EUR 290,000.

### **Claiming under the Municipality Guarantee**

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

- (A) in relation to (1) above, the claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to Stichting WEW which makes the payment to the lender;
- (B) in relation to (2) above, the claim is made to the issuing municipality which checks the claim and makes the payment to the lender (Stichting WEW will reimburse the municipality for 50% of the claim); and
- (C) in relation to (3) above, the claim is made to the issuing municipality which checks the claim and makes the payment to the lender.

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

In its letter dated 26 October 2000, Stichting WEW has confirmed that the starting point for its policies is that each financial institution with which it has a guarantee arrangement acts in good faith (*te goeder trouw*) and that breaches of the terms and conditions (*Voorwaarden en Normen*), which do not have a material influence on the occurrence and the size of the loss, lead to payment under the claims. Stichting WEW also confirmed that if a financial institution should transfer to a third party its rights under mortgage loans which have the benefit of an NHG Guarantee and which are registered with Stichting WEW in accordance with the provisions of such terms and conditions, pursuant to a sale by that financial institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third party transferee will become the beneficiary of the NHG Guarantee as provided for in article 6:142 sub-section 1 of the Dutch Civil Code.

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

When a borrower is in arrears with payments under a mortgage loan for a period of 2 months, a lender informs Stichting WEW in writing within 30 days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. If an agreement cannot be reached, Stichting WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of Stichting WEW is required in case of a private sale unless the property is sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

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

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

mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

### **Additional loans**

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

### **Main NHG Underwriting Criteria (*Normen*) for 2013**

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

- (i) The lender must perform a BKR check. "A-" and "A1-" registrations, among others, are allowed in certain circumstances.
- (ii) As a valid source of income the following applies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will in the case of similar performance in average business conditions be provided an indefinite contract of employment. In respect of employees working on a flexible contract or during a probational period (*proeftijd*), such employees must produce a three year history of income statements, for self employed people three years of annual bank account statements.
- (iii) The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The interest rate to be used is tested for the test rate of the Code of Conduct on mortgage financing (*Gedragscode Hypothecaire Financieringen*) for loans with a fixed interest rate period less than 10 years and the actual interest rate for loans with a fixed interest rate period equal to or in excess of 10 years. The borrowing capacity of a consumer for a mortgage loan with a fixed-interest term of less than ten years shall be calculated by the mortgage lender on the basis of a percentage determined by the Mortgage Lenders Contact Organisation (*Contactorgaan Hypothecair Financiers*, "**CHF**"), which is in turn based on the market interest on loans to the State of The Netherlands with a remaining life of ten years, plus such margin as may be determined by the CHF. This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the consumer. The mortgage lender shall calculate the borrowing capacity of a consumer for a mortgage loan with a fixed-interest term of ten years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

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

- (i) The absolute maximum loan amount is EUR 320,000 (as of 1 July 2012 and which will be lowered to EUR 290,000 as of 1 July 2013). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - (a) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 5% of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase price under (i) is multiplied by 97%.
  - (b) For the purchase of properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, any value added tax and architects (to the extent not included

already in the purchase-/construction cost), (ii) the costs of additional work, and (iii) 5% of the amount under (i) and (ii).

- (ii) For new mortgages, the loan amount is to be redeemed completely during the lifetime following an annuity or linear scheme.
- (iii) The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

#### Purchase

In the Mortgage Receivables Purchase Agreement the Seller has agreed to sell and assign, and the Issuer has agreed to purchase and accept assignment of, Mortgage Receivables (including the Related Security) comprising the Initial Portfolio and, subject to certain conditions, Further Advance Receivables (including the Related Security) from time to time. The Mortgage Receivables will be assigned by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Seller and the Issuer of a Deed of Assignment and Pledge and either (i) registering that deed with the Dutch tax authorities (*Belastingdienst*) or (ii) ensuring such execution is before a civil law notary. Notification (*mededeling*) to the Borrowers or any insurance companies other than the Savings Insurance Company of the assignment may, at the option of the Issuer or the Security Trustee, only take place if an Assignment Notification Event occurs. Notification to the Savings Insurance Company will take place through the relevant Beneficiary Waiver Agreement and each subsequent Deed of Assignment and Pledge. Following receipt by the Borrowers or Insurance Companies, as the case may be, of notification of the assignment, only payment to the Issuer will discharge a Borrower's or an Insurance Company's obligations under the relevant Mortgage Receivable or relevant insurance policy (as the case may be), subject to the rights of the Security Trustee as pledgee. The purchase price for the Mortgage Receivables shall consist of:

- (a) an Initial Purchase Price for each Mortgage Receivable equal to the Gross Outstanding Principal Balance of such Mortgage Receivable as at the relevant Cut-Off Date; and
- (b) a Deferred Purchase Price which is not calculated on a Mortgage Receivable by Mortgage Receivable basis but for all Mortgage Receivables together and which is equal to the aggregate Deferred Purchase Price Instalments.

Each Initial Purchase Price is payable on the relevant Transfer Date, save to the extent the relevant Mortgage Receivable relates to a Construction Deposit, in which case the Issuer will withhold the equivalent of such Construction Deposit as at the relevant Cut-Off Date and deposit the same in the Construction Deposit Account. Amounts standing to the credit of the Construction Deposit Account will be applied as described in section 5.6 (*Transaction Accounts*). Each Deferred Purchase Price Instalment is payable in accordance with the relevant Priority of Payments.

The Issuer is entitled to all proceeds relating to a Mortgage Receivable to the extent relating to the period starting on the relevant Transfer Date or, if it concerns principal proceeds, the period starting on the relevant Cut-Off Date.

#### *Purchase of Initial Portfolio*

On the Closing Date, the Seller will sell and assign to the Issuer the Initial Portfolio. The Initial Purchase Price for the Initial Portfolio is EUR 1,441,628,051.70, being the equivalent of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the relevant Cut-Off Date.

The Initial Purchase Price for the Initial Portfolio will be funded by the Issuer from the net proceeds of the issue of the Notes (other than the Class C Notes) and the aggregate Initial Settlement Amounts to be received from the Participants in relation to the Initial Portfolio.

#### *Purchases of Further Advance Receivables*

In the Mortgage Receivables Purchase Agreement, the Seller covenants, among other things, that if it makes any Further Advance under any Mortgage Conditions relating to a Mortgage Receivable, then on the first following Mortgage Collection Payment Date, the Seller will offer such Further Advance Receivable for sale and assignment to the Issuer for an amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable as at the relevant Cut-off Date. Until the Notes Payment Date immediately preceding the First Optional Redemption Date, the Issuer is obliged to accept each such offer of Further Advance Receivables, on the condition that the purchase of such Further Advance Receivable does not result in a breach of any of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a breach of any of the Additional Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be

obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of, all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted.

The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

#### *Additional Purchase Conditions*

The purchase by the Issuer of any Further Advance Receivable will be subject to a number of conditions (the "**Additional Purchase Conditions**"), which include that at the relevant date of completion of the sale and purchase of such Further Advance Receivable:

- (i) the Further Advance relates to a Mortgage Receivable;
- (ii) the Seller will represent and warrant to the Issuer and the Security Trustee the matters specified in (i) up to and including (iv) as listed in section 7.2 (*Representations and Warranties*) in respect of such Further Advance Receivable;
- (iii) no Assignment Notification Event has occurred and is continuing;
- (iv) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (v) all receivables with a higher ranking than the Further Advance Receivable are owned by the Issuer;
- (vi) the Available Principal Funds as at the Notes Calculation Date immediately preceding the relevant Transfer Date are sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivable;
- (vii) the aggregate outstanding principal amount of the Further Advance Receivables sold and assigned by the Seller to the Issuer during the immediately preceding 12 calendar months does not exceed 1.00 per cent. Of the aggregate outstanding principal amount of all Mortgage Receivables as at the first calendar day of such 12 month period; and
- (viii) (x) the Weighted Average Loan to Foreclosure Value (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Seller's Lending Criteria) of all Mortgage Receivables (including such Further Advance Receivable as if it had been purchased on the Closing Date) does not exceed (y) the Weighted Average Loan to Foreclosure Value of the Initial Portfolio (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Seller's Lending Criteria) by 1.00% or more on the Closing Date.

If either (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of all Mortgage Receivables resulting from the Mortgage Loan in respect of which a Further Advance is granted.

#### *Set-off*

The Mortgage Receivables Purchase Agreement provides that if a Borrower invokes set-off in respect of any amount he owes under, pursuant to or in connection with a Mortgage Receivable against any amount he is entitled to receive from the Seller, then the Seller shall forthwith pay to the Issuer an amount equal to the amount in respect of which set-off is so invoked.

The Mortgage Receivables Purchase Agreement provides that in the event that, and for as long as, the debt obligations of the Seller are rated below the Requisite Credit Rating, the Seller will within 14 calendar days of such assignment of rating post collateral to cover the risk that a Borrower invokes set-off in respect of any cash deposit (other than in relation to Bank Savings Mortgage Receivables) it has with the Seller. Such collateral will be posted by transferring an amount equal to the Deposit Required Amount to the Issuer Collection Account for further credit to the Deposit Ledger, and where applicable replenishing such Deposit Ledger up to the Deposit Required Amount from time to time. Each time when and to the extent

that a Borrower invokes set-off in respect of any amount up to its cash deposit (other than in relation to Bank Savings Mortgage Receivables) against any amount it owes under, pursuant to or in connection with a Mortgage Receivable, the Issuer shall debit the Deposit Ledger for an amount equal to the amount in respect of which set-off is so invoked and apply such amount, to the extent related to (i) interest, to the Income Ledger for addition to the Revenue Funds made in the immediately preceding Mortgage Calculation Period or (ii) principal, to the Redemption Ledger for addition to the Principal Funds made in the immediately preceding Mortgage Calculation Period, in accordance with the Administration Agreement. The amount deposited by the Seller as collateral will be repaid to the Seller each time when and to the extent that the Deposit Required Amount is decreased and there is a surplus standing to the credit of the Deposit Ledger over the new Deposit Required Amount, and to the extent not repaid at such time, on the Final Maturity Date.

#### *Intercreditor arrangements*

In the Mortgage Receivables Purchase Agreement, the following intercreditor arrangement is agreed between the Seller, the Issuer and the Security Trustee. If:

- (i) and to the extent that any Related Security secures both a Mortgage Receivable and any Other Claim, the Seller and the Issuer have agreed that the Issuer shall have, and the Seller has granted the Issuer, exclusive authority to perform all acts of management (*beheer*) and/or of disposal (*beschikking*) pertaining to such Related Security and in any event, without prejudice to the generality of the foregoing, to:
  - (a) foreclose (*uitwinnen*) on such Related Security without any involvement of the Seller; and
  - (b) apply the foreclosure proceeds in payment of the Mortgage Receivable such that only the remaining proceeds (if any) will be available for application in payment of the Other Claim,

provided that (i) for as long as no Assignment Notification Event has occurred, the Issuer has agreed to delegate such authority to the Seller, and (ii) such authority shall not be vested in the Issuer but in the Seller if the Seller can prove that such Related Security was specifically created to secure the Other Claim and was not intended to secure the Mortgage Receivable;

- (ii) paragraph (i) above is not effective to procure compliance therewith by the Seller (or its liquidator in any Insolvency Proceedings), the Seller will owe the Issuer an amount equal to its share in the foreclosure proceeds of each relevant Related Security, which amount shall be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Mortgage Receivable or the Other Claim(s) such Borrower owes to the Seller, provided that the Issuer's recourse to the Seller in relation to any Related Security is limited to the Seller's share in the foreclosure proceeds of such Related Security;
- (iii) any of the Seller's credit ratings ceases to be at least the Requisite Credit Ratings, and if such downgrade or withdrawal relates to short-term credit ratings, the Seller does not regain such Requisite Credit Ratings on the date falling one month after the date of such downgrade, or any such credit rating is withdrawn, it will within 10 Business Days after the occurrence of such downgrade or withdrawal (or end of the relevant month, as the case may be), grant to the Issuer a right of pledge on its Other Claims as security for the payment of the relevant amount it owes to the Issuer pursuant to paragraph (ii) above, unless an appropriate remedy to the satisfaction of the Security Trustee is found after having received Credit Rating Agency Confirmation. If, after the pledge of the Other Claims, the Seller regains short-term credit ratings from the relevant Credit Rating Agency of at least the Requisite Credit Ratings and retains such Requisite Credit Ratings for a consecutive period of at least one month or such other period as may be agreed with the Credit Rating Agencies from time to time, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee has undertaken to release such right of pledge on any Other Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Mortgage Receivable has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Mortgage Loan or (ii) if all Mortgage Receivables that are secured by the same Related Security as such Other Claims have been retransferred to the Seller in accordance with the terms of the Mortgage Receivables Purchase Agreement;

- (iv) the pledge pursuant to paragraph (iii) above is implemented, any foreclosure proceeds are applied in discharge of amounts due pursuant to paragraph (ii) above and the Related Security is no longer in place or, as reasonably determined by the Issuer and the Security Trustee, no longer expected to generate any proceeds, the Issuer will retransfer to the Seller a part of (the unsatisfied part of) the relevant Mortgage Receivable for a principal amount corresponding to the principal amount of the pledged Other Claims so applied;
- (v) the Issuer transfers a Mortgage Receivable in accordance with the Mortgage Receivables Purchase Agreement to any transferee other than the Seller, it is entitled to transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Mortgage Receivables Purchase Agreement to such transferee and the Seller has in advance irrevocably granted its cooperation to any such transfer (within the meaning of article 6:159 of the Dutch Civil Code); and
- (vi) the Seller transfers an Other Claim to any transferee it will simultaneously transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Mortgage Receivables Purchase Agreement to such transferee and will notify the Issuer and the Security Trustee of such transfer, and the Issuer has in advance irrevocably agreed to co-operate with any such transfer (within the meaning of article 6:159 of the Dutch Civil Code), and in addition, the Seller will ensure that upon such transfer the relevant transferee (other than any transferee that is a subsidiary (*dochtermaatschappij*) of ING Groep N.V.) shall immediately pledge to the Issuer such Other Claims if such transferee's credit ratings are less than the Requisite Credit Rating, or if such transferee does not have any long-term credit rating assigned to it. The Seller has warranted and represented that it has not transferred any Other Claims to any party prior to the relevant Transfer Date on which the Mortgage Receivable that is secured by the same Related Security is transferred to the Issuer in accordance with the terms of the Mortgage Receivables Purchase Agreement.

### **Repurchase and sale**

After the Closing Date the Issuer may from time to time sell Mortgage Receivables, either to the Seller or to third parties, as described in more detail below. Any sale and assignment of Mortgage Receivables by or to the Issuer will include any Related Security.

#### *Mandatory repurchase by Seller*

Other than in the events set out below, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer. If at any time in relation to a Mortgage Receivable:

- (i) a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto if such matter is capable of being remedied or (B) such matter is not capable of being remedied;
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Mortgage Loan is extended beyond its initial maturity date or (ii) the related Mortgage Receivable would not qualify as an Eligible Receivable, if tested against the Eligibility Criteria;
- (iii) a Mortgage Receivable no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Issuer Administrator or the Servicer and, as a consequence thereof, such Mortgage Receivable no longer qualifies as an Eligible Receivable, as tested against the Eligibility Criteria at such time;
- (iv) in relation to a Hybrid Mortgage Loan a Borrower switches all or part of the invested capital premiums from savings into an investment; or
- (v) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date,

then the Seller is obliged to repurchase (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*) and accept reassignment of the relevant Mortgage Receivable on the first following Mortgage Collection Payment Date, other than (a) in respect of subparagraph (v) above where the Seller is obliged to repurchase (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*) and accept reassignment of all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted and (b) in respect of a Breach of Portfolio Condition, where the Seller is obliged to repurchase and accept the reassignment of such Mortgage Receivables as selected by or on behalf of the Issuer so that the remaining Mortgage Loans would have met the Portfolio Condition on the Closing Date (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*).

*Optional repurchase by Seller; sale to third party*

If on any Mortgage Calculation Date the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is less than 10% of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables on the Cut-Off Date the Seller may, but is not obliged to, on the second following Note Payment Date repurchase and accept reassignment of all (but not only part of) the Mortgage Receivables. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or to any third party appointed by the Seller at its sole discretion, in the event that the Seller exercises the Clean-Up Call Option.

In addition, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables (a) on any Optional Redemption Date or (b) following its exercise of the option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*). If the Issuer decides to sell and assign all but not some of the Mortgage Receivables on (a) an Optional Redemption Date or (b) following its exercise of the option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be, it shall, on the Notes Payment Date (a) immediately preceding such Optional Redemption Date or (b) on which the Notes will be redeemed following its exercise of the option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be, first offer to the Seller all of the Mortgage Receivables for sale (such sale to be completed on such (a) Optional Redemption Date or (b) the Notes Payment Date following the exercise of its exercise of the option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be). The Seller shall within a period of fifteen Business Days inform the Issuer whether it wishes to repurchase all of the Mortgage Receivables. If for whatever reason the Seller does on such date not repurchase and accept reassignment of the Mortgage Receivables, the Issuer may select a third party.

*Purchase price for repurchased / sold Mortgage Receivables*

The purchase price for each Mortgage Receivable so sold to the Seller or to a third party (other than in connection with a redemption of Notes pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*) or in connection with an obligation of the Seller to repurchase and accept reassignment of a Mortgage Receivable from the Issuer in accordance with the Mortgage Receivables Purchase Agreement in relation to which a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date) shall be an amount equal to at least the relevant Gross Outstanding Principal Balance of such Mortgage Receivable increased with Accrued Interest and Arrears of Interest, all as at the relevant Cut-Off Date, provided that with respect to a Mortgage Receivable that has Arrears of Interest for a period exceeding 60 days or with respect to which an instruction has been given to the civil law notary to sell the related Mortgaged Asset publicly, the purchase price shall be the lesser of: (a) the sum of (i) the Gross Outstanding Principal Balance, (ii) any Accrued Interest, Arrears of Interest and any other amount due in respect of the relevant Mortgage Receivables and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment; and (b) the sum of (i) all of an amount equal to the Indexed Foreclosure Value of the related Mortgaged Asset, (ii) the value of other collateral including the amount claimable under any Municipality Guarantee or any NHG Guarantee and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment, all as at the relevant Cut-Off Date. If a Mortgage Receivable is repurchased by and reassigned to the Seller, the Seller is entitled to all proceeds relating to such Mortgage Receivable to the extent relating to the period starting on the relevant Mortgage Collection Payment Date or, if it concerns principal proceeds, the period starting on the relevant Cut-Off Date.

The purchase price for each Mortgage Receivable so sold to the Seller or to a third party in connection with a redemption of Notes pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7

*(Optional Redemption – Prepayment Call)* or Condition 8.8 *(Optional Redemption – Tax Call)* shall be an amount equal to at least the higher of: (a) the amount calculated in accordance with the method described in the preceding paragraph (in respect of the purchase price for each Mortgage Receivable so sold to the Seller or to a third party (other than in connection with a redemption of Notes pursuant to Condition 8.6 *(Redemption – Clean-Up Call Option)*, Condition 8.7 *(Optional Redemption – Prepayment Call)* or Condition 8.8 *(Optional Redemption – Tax Call)*); and (b) the amount that is required to (A) redeem all Notes at their Notional Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations of a higher priority than the Notes under the Revenue Priority of Payments and the Redemption Priority of Payments.

The purchase price for each Mortgage Receivable so sold to the Seller in connection with an obligation of the Seller to repurchase and accept reassignment of such Mortgage Receivable from the Issuer in accordance with the Mortgage Receivables Purchase Agreement in relation to which a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date or in case of a Breach of Portfolio Condition, shall be an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable increased with Accrued Interest and Arrears of Interest, all as at the relevant Cut-Off Date and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment. If such Mortgage Receivable is repurchased by and reassigned to the Seller, the Seller is entitled to all proceeds relating to such Mortgage Receivable to the extent relating to the period starting on the relevant Mortgage Collection Payment Date or, if it concerns principal proceeds, the period starting on the relevant Cut-Off Date.

The Principal Funds of such sale shall be applied by or on behalf of the Issuer as Available Principal Funds in accordance with the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

## 7.2 REPRESENTATIONS AND WARRANTIES

Neither the Issuer nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Receivables. Instead, each is relying entirely on the representations and warranties by the Seller contained in the Mortgage Receivables Purchase Agreement. The parties to the Mortgage Receivables Purchase Agreement may, subject to the prior written consent of the Security Trustee and after having received Credit Rating Agency Confirmation, amend the representations and warranties. The Mortgage Receivables Warranties are as follows and are given on the Closing Date by the Seller in respect of the Mortgage Receivables forming part of the Initial Portfolio to be transferred by it to the Issuer:

- (i) each Mortgage Receivable is an Eligible Receivable;
- (ii) the particulars of the Mortgage Receivables set out in annex 1 to the Deed of Assignment and Pledge relating to the Closing Date, are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Mortgage Receivable as at the Cut-Off Date relating to the Closing Date is correctly stated in annex 1 to the Deed of Assignment and Pledge relating to the Closing Date and equals an amount of EUR 1,441,628,051.70;
- (iii) the Seller has not created, agreed to create or permitted to subsist any limited right (*beperkt recht*) on, or right of set-off pertaining to, any Seller Collection Account or rights or receivables pertaining thereto;
- (iv) prior to (but not earlier than a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests, would deem acceptable) making the initial advance to the Borrower pursuant to the Mortgage Conditions, the Seller complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) and the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (as amended and supplemented from time to time and currently referred to as the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Mortgage Receivable; and
- (v) the Mortgage Loans relating to the Mortgage Receivables forming part of the Initial Portfolio meet the Portfolio Condition.

### 7.3 ELIGIBILITY CRITERIA

A Mortgage Receivable is an "**Eligible Receivable**" if it complies with the following criteria (the "**Eligibility Criteria**"), as at the relevant Transfer Date of such Mortgage Receivable:

#### (A) *General*

1. It is existing, is denominated in euro and is owed by Borrowers established or resident in The Netherlands.
2. It is governed by Dutch law and the terms and conditions of such Mortgage Receivable do not provide for the jurisdiction of any court or arbitration tribunal outside The Netherlands.
3. It is secured by a Mortgaged Asset located in The Netherlands which, as at origination of the relevant Mortgage Loan, was intended primarily for use as the primary residence of the relevant Borrower, and pursuant to the applicable Mortgage Conditions, without consent of the Seller, such Mortgaged Asset may not be the subject of any residential letting.
4. The Mortgage Loan from which it results is fully disbursed unless it is a Revolving Credit Mortgage Loan.
5. Its nominal amount remains a debt, which has not been paid or discharged by set-off or otherwise, and includes all Loan Parts granted to the relevant Borrower under the relevant Mortgage Conditions.
6. The Mortgage Loan from which it results was in all material respects granted in the ordinary course of the Seller's business (which includes the business of an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and in accordance with all applicable laws (including but not limited to applicable consumer protection legislation), legal requirements and the "code of conduct on mortgage loans" (*Gedragscode Hypothecaire Financieringen*) prevailing at the time of origination and met in all material respects the Seller's Lending Criteria prevailing at the time of origination which, where applicable, are generally based on the NHG requirements and prior to 1995 on the Municipality Guarantee requirements as applicable at that time (and which provide, among other things, that a Mortgage Loan will not be provided by the Seller if (i) there is a negative BKR registration in respect of the applicant or (ii) the applicant has provided self-certified income statements) and all required consents, approvals and authorisations have been obtained in respect of such Mortgage Loan.
7. The Mortgage Loan from which it results was not granted to an employee of ING Groep N.V. or any of its subsidiaries (*dochtermaatschappijen*).
8. The Seller has in all material respects performed all its obligations which have fallen due under or in connection with the relevant Mortgage Conditions connected to it and no Borrower has threatened in writing or, so far as the Seller is aware, commenced any legal action which has not been resolved against the Seller for any failure on the part of the Seller to perform any such obligation.
9. It can be easily segregated and identified for ownership and Related Security purposes on any day.
10. The loan files relating to it contain all material correspondence relating to it and the completed loan documentation applicable to it, including authentic copies of the notarial mortgage deeds.
11. The maximum outstanding principal amount of the Mortgage Loan from which it results, or the aggregate maximum outstanding amount of all Mortgage Receivables secured by the same Related Security together, does not exceed the maximum amount as may be set under the NHG Guarantee requirements or Municipality Guarantee requirements, as the case may be, at the time of origination or, if it does not have an NHG Guarantee or Municipality Guarantee connected to it, EUR 1,000,000.

12. The outstanding principal amount of the Mortgage Loan from which it results does not exceed:
  - (i) if it does not have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*) or a Municipality Guarantee:
    - (a) 100% of the foreclosure value of the related Mortgaged Asset at the time of origination of such Mortgage Loan if it is an Interest-only Mortgage Loan; or
    - (b) 128% of the foreclosure value of the related Mortgaged Asset at the time of origination of such Mortgage Loan (other than an Interest-only Mortgage Loan); or
  - (ii) if it does have the benefit of an NHG Guarantee or a Municipality Guarantee, the maximum amount as may be set under the NHG Guarantee requirements or Municipality Guarantee requirements, as the case may be, at the time of origination.
13. The legal maturity of the Mortgage Loans from which it results does not exceed the Notes Payment Date falling in March 2049.
14. It is related to a Mortgage Loan which is originated after 1 January 1992 and which is originated in The Netherlands.
15. It does not relate to an equity release mortgage loan where Borrowers have monetised their properties for either a lump sum of cash or regular periodic income without the obligation of the Borrower to pay interest and principal on such lump sum of cash in accordance with a pre-agreed payment schedule.
16. As at the Cut-off Date, it has a positive net present value or outstanding principal balance.
17. The Mortgage Conditions applicable to it do not contravene any applicable law, rule or regulation.
18. The Mortgage Conditions applicable to it have not been subject to any variation, amendment, modification, waiver or exclusion of time of any time which in any material way adversely affects its terms or its enforceability or collectability.
19. The Mortgage Loan from which it results does not contain confidentiality provisions which restrict the Issuer's exercise of its rights as owner of such Mortgage Receivable.
20. The Mortgage Loan from which it results has not been entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or undue influence by the Seller (which includes origination by an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)), its directors, offices, employees or agents or by any other person acting on behalf of the Seller (which includes origination by an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller *pursuant* to a demerger (*afsplitsing*)).

(B) *Borrowers*

21. It constitutes a legal, valid and enforceable obligation of the related Borrower and is enforceable against such Borrower in accordance with the terms of the relevant Mortgage Conditions without any right of rescission, withholding, suspension, counterclaim or other defence other than those provided for under mandatory rules of applicable law and subject to any limitations arising from bankruptcy, insolvency or any other laws of general application relating to or affecting the rights of creditors generally.
22. So far as the Seller is aware:
  - (i) the related Borrower has not asserted and no circumstances exist as a result of which such Borrower would be entitled to assert any counterclaim, right of rescission or set-off, or any defence to payment of any amount due or to become due or to performance of any other obligation due under the related Mortgage Conditions;

- (ii) the related Borrower is not in material breach, default or violation of any obligation under such Mortgage Conditions;
- (iii) the related Borrower is not subject to bankruptcy or any other insolvency procedure within the meaning of any applicable insolvency law;
- (iv) no proceedings have been taken in respect of it by the Seller against the related Borrower;
- (v) no litigation, dispute or complaint is subsisting, threatened or pending which affects or might affect it or the related Borrower which may have an adverse effect on the ability of such Borrower to perform its related obligations; and
- (vi) the related Mortgage Conditions have not been entered into fraudulently by the relevant Borrower.

(C) *Payments*

- 23. Payments of interest are scheduled to be made monthly.
- 24. It is not in arrears in relation to any payments and at least one payment in respect of such Mortgage Receivable has been made.
- 25. It is not subject to any withholding tax.

(D) *Unencumbered Transfer*

- 26. The Seller has full right and title to it and has power to transfer or encumber (*is beschikkingsbevoegd*) it and such Mortgage Receivable is not subject to any agreement to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever.
- 27. It is owed to the Seller and is free and clear of any encumbrance, attachment or other right or claim in, over or on any person's assets or properties in favour of any other person.
- 28. It can be transferred by way of assignment (*cessie*) and is not subject to any contractual or legal restriction of transfer by way of assignment.
- 29. Its transfer will not violate any law or any agreement by which the Seller may be bound and upon such transfer it will not be available to the creditors of the Seller on such Seller's liquidation.

(E) *Security and previous transfers*

- 30. It is secured by mortgage rights and rights of pledge governed by Dutch law which:
  - (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the assets which are purported to be the subject of such mortgage rights and rights of pledge and, to the extent relating to mortgage rights, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*);
  - (ii) have first priority (*eerste in rang*) or first and sequentially lower priority;
  - (iii) were vested for a principal amount outstanding which is at least equal to the principal amount of the related Mortgage Loan when originated increased with interest, penalties, costs and/or insurance premiums together up to an amount equal to (at least) 140% of the principal amount of the related Mortgage Loan when originated; and
  - (iv) were created pursuant to a mortgage or pledge deed which does not contain any specific wording regarding the transfer of such right of mortgage or pledge securing it, unless an express confirmation to the effect that upon a transfer of the relevant Mortgage Receivable, the Mortgage Receivable will following the transfer continue to be secured by the right of mortgage or pledge.

31. The consent, licence, approval or authorisation of any person (other than the related Borrower) which was necessary to permit the creation of its Related Security were obtained including the consent of the spouse of such Borrower pursuant to article 1:88 of the Dutch Civil Code.

32. It:

- (i) was originated by the Seller (which includes origination by an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and it has not (nor has any such merged originator or demerged originator (as the case may be)) transferred any receivable (including but not limited to any Other Claim) secured by the Related Security to any party other than the Issuer (or in the case of a merged originator or demerged originator (as the case may be), other than the Seller) or, if it is a Savings Mortgage Receivable or Hybrid Mortgage Receivable, the relevant Savings Insurance Company; or
- (ii) is secured by Related Security which does not include All Moneys Security Rights and any and all present and future receivables which are secured by the Fixed Security Rights forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security Rights, have, together with all Related Security, been transferred to the Seller.

33. Each Mortgage Loan constitutes the entire mortgage loan (*hypothecaire lening*) granted to the relevant Borrower that is secured by the same Mortgage.

(F) *Valuation*

34. The related Borrower was obliged to obtain a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) of the Mortgaged Asset at the time the related Mortgage Loan was advanced.

35. Each Mortgaged Asset concerned was valued in accordance with the then prevailing valuation criteria as applied by the Seller.

(G) *Long Lease*

36. If it is secured by a right of mortgage on a long lease (*erfpacht*), the terms of the relevant Mortgage Conditions provide that the principal amount outstanding of the related Mortgage Loan, including interest, will become immediately due and payable if (a) the long lease terminates (whether or not as a result of (i) a material breach or cessation in the performance by the leaseholder of its payment obligations under the long lease (*canon*) or (ii) a breach by the leaseholder of any of the conditions of the long lease) and (b), if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.

(H) *No Bridge Loans or Residential Subsidy Rights*

37. It does not arise from bridging mortgage loans (*overbruggingshypotheken*).

38. It is not related to a Mortgage Loan in connection with which any right to receive annual contributions with respect to residential properties on the basis of the Resolution Monetary Support Own Residences (*Beschikking geldelijke steun eigen woningen*) dated 1984 or the Resolution Residence Related Subsidies (*Besluit woninggebonden subsidies*) dated 1991 or any replacement or substitute legislation, resolution or regulation, were purportedly transferred to the Seller.

(I) *Specific Products*

39. It is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, an Investment Mortgage Loan, a Life Mortgage Loan, a Savings Mortgage Loan, a Hybrid Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, or any combination of the foregoing.

40. If it is an NHG Mortgage Loan Receivable, (i) the NHG Guarantee is granted for its full amount outstanding at origination, and constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with such NHG Guarantee's terms, (ii) all terms and conditions (*Voorwaarden en Normen*) applicable to the NHG Guarantee at the time of origination of the related NHG Mortgage Loans were complied with and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee in respect of it should not be met in full and in a customary manner.
41. If it has a Municipality Guarantee connected to it, (i) the Municipality Guarantee is granted for its full amount outstanding at origination and constitutes legal, valid and binding obligations of the relevant municipality (*gemeente*), enforceable in accordance with such Municipality Guarantee's terms, (ii) all conditions (*voorwaarden*) set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled and (iii) the Seller is not aware of any reason why any claim under any Municipality Guarantee in respect of it should not be met in full and in a customary manner.
42. If it relates to a Life Mortgage Loan, a Savings Mortgage Loan or a Hybrid Mortgage Loan, then it has the benefit of the applicable Mixed Insurance Policy and (i) the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) has either been validly appointed as beneficiary (*begunstigde*) under such Mixed Insurance Policy upon the terms of the relevant Mortgage Conditions and Mixed Insurance Policy or, if another person has been appointed as beneficiary, under an irrevocable payment instruction from such person to the relevant insurer, (ii) all receivables under such Mixed Insurance Policy have been validly pledged by the relevant Borrower to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)), which pledge has been notified to the relevant insurer and (iii) none of the underlying policy, beneficiary clause, payment instruction or deed of pledge, as applicable, contains any provision restricting or prohibiting (a) said pledge to the Seller, (b) a transfer of the Beneficiary Rights by the Seller to the Issuer, (c) an appointment by the Seller of the Issuer as new beneficiary under such Mixed Insurance Policy or (d) a waiver of the Beneficiary Rights by the Seller.
43. The Mortgage Conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Seller on behalf of the relevant Borrower and any other amounts due by such Borrower to such Seller will become due and payable, among other things, if (a) a Mixed Insurance Policy attached to it is invalid and/or payment of premium under the Mixed Insurance Policy is suspended (*premiëvrij*); and (b) if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.
44. If it is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, it does not relate to a Mixed Insurance Policy and does not have an investment part.
45. If it is related to an Interest-only Mortgage Loan, it does not exceed the Foreclosure Value.
46. If it is related to an Investment Mortgage Loan:
- (a) the relevant securities account maintained in the name of the relevant Borrower has been validly pledged to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and is maintained with:
    - (i) an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); or

- (ii) a bank (which is by law obliged to administer the securities through a separate depositary vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), in which case the bank can administer such securities itself;
  - (b) any relevant savings account connected to the relevant securities account is maintained in the name of the relevant Borrower and has been validly pledged to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and is maintained with ING; and
  - (c) it does not relate to a Mixed Insurance Policy.
47. If it is related to a Life Mortgage Loan (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the Savings Insurance Company) are in the relevant Insurance Company's and Seller's promotional materials not offered as one product, and (ii) (a) if it falls under category 3 of the Deduction Risk description, the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an Insurance Company which is a group company of the Seller and are free to choose the relevant insurer (subject to prior approval of the Seller) or (b) if it falls under category 4 of the Deduction Risk description, the guaranteed yield of the capital/investment under the Mixed Insurance Policy is not linked to the interest base applicable to the relevant Mortgage Loan.
48. If it is related to an Investment Mortgage Loan and the related investment product is offered by the Seller itself (and not by a third party investment firm or bank), such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.
49. If it is related to a Bank Savings Mortgage Loan (i) the relevant Bank Savings Account maintained in the name of the relevant Borrower has been validly pledged to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)), (ii) at maturity of the Bank Savings Mortgage Loan the related Bank Savings Deposit can be applied to repay such Bank Savings Mortgage Loan and (iii) the general conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Seller on behalf of the relevant Borrower and any other amounts due by such to the Seller will become due and payable, among other things, if (a) such Borrower does not timely make the relevant monthly payments into the related Bank Savings Account; and (b), if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.
50. Pursuant to the Mortgage Conditions applicable to the relevant Mortgage Loan, the Seller will only pay out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipts from the relevant Borrower relating to the construction.
51. If it is related to a Savings Mortgage Receivable or a Hybrid Mortgage Receivable, the related Mixed Insurance Policy constitutes legal, valid and binding obligations of the relevant policyholders (*verzekeringnemers*) and the Savings Insurance Company, subject to (i) any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors and (ii) the limitation that the binding effect and enforceability of the obligations of a Borrower may be affected by rules of Dutch law which generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) and rules relating to *force majeure*.

#### **7.4 PORTFOLIO CONDITIONS**

In the Mortgage Receivables Purchase Agreement, the Seller gives the following representation and warranty on the Closing Date in respect of the Initial Portfolio: The weighted average current loan to original market value of the Mortgage Loans comprising the Initial Portfolio as at the Cut-Off Date relating to the Closing Date was not greater than 110 per cent.

## 7.5 SERVICING AGREEMENT

Pursuant to the terms of the Servicing Agreement the Servicer has agreed to service on behalf of the Issuer the Mortgage Receivables. The Servicer will be required to:

- (i) administer the relevant Mortgage Receivables in accordance with the Seller's servicing and administration manuals;
- (ii) use all reasonable endeavours to collect all payments due under or in connection with the Mortgage Receivables and to enforce all covenants and obligations of each Borrower in accordance with the standard enforcement and collection procedures of the Servicer from time to time and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests, would undertake.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Mortgage Receivables, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Mortgage Receivables.

The Servicer has undertaken to, among other things, perform the services listed below in relation to the Mortgage Receivables, and to:

- (i) on each Notes Calculation Date prepare a report (which includes information in respect of arrears) in respect of (i) the Mortgage Receivables and (ii) the Notes Calculation Period immediately preceding the Notes Calculation Period in which such Notes Calculation Date falls, and to deliver the same to the Issuer, the Security Trustee, the Credit Rating Agencies and each Participant;
- (ii) keep records and books of account on behalf of the Issuer in relation to the Mortgage Receivables;
- (iii) assist the Issuer Administrator and the auditors of the Issuer and provide information to them upon reasonable request;
- (iv) subject to the provisions of the Servicing Agreement take all reasonable steps to recover all sums due to the Issuer including by the institution of proceedings and/or the enforcement of any Mortgage Receivable;
- (v) to the extent permitted under applicable data protection and other laws, provide on a timely basis to the Credit Rating Agencies all information which is reasonably required in order for the Credit Rating Agencies to be able to establish their credit estimates at all reasonable times upon reasonable notice subject to the Servicer being reasonably capable of providing such information without significant additional cost;
- (vi) make all calculations and render all other services required for compliance with any Participation Agreement;
- (vii) take all other action and do all other things which would be reasonable to expect a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests, to do in administering the Mortgage Receivables and the Related Security;
- (viii) act as collection agent on behalf of the Issuer and, following the occurrence of an Event of Default, the Security Trustee in accordance with the provisions of the Servicing Agreement; and
- (ix) make all preparations and recordings and ancillary activities necessary to effect any (re) transfer of Mortgage Receivables to or by the Issuer and/or any pledge or release of pledge of such Mortgage Receivables.

The Servicer will represent and warrant that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and covenants to comply with the information duties towards the Borrowers under the Wft. Furthermore, the Servicer will covenant that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft.

The Issuer and the Security Trustee may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' notice to the Security Trustee and the Issuer provided that a substitute servicer who meets certain agreed criteria (which include, among other things, that such person (i) has all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Mortgage Loan Services, and is duly licensed under the Wft to act as consumer credit provider or intermediary and (ii) has experience with and is capable of administering portfolios of residential mortgage loans in The Netherlands and is approved by the Issuer and the Security Trustee) has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement, prior to such resignation becoming effective. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Notes unless the Noteholders agree otherwise by an Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver all files and other documentation relating to each Mortgage Receivable administered by it to, or at the direction of, the Issuer.

The Servicer may sub-contract the performance of its duties under the Servicing Agreement provided that the proposed sub-contractor meets conditions as set out in the Servicing Agreement. No sub-contracting shall release or discharge the Servicer from any liability under the Servicing Agreement or any responsibility for the performance of its obligations under the Servicing Agreement or shall create any right or entitlement of the relevant sub-contractor under the Servicing Agreement.

The Servicer also undertakes that it will immediately inform the Issuer and the Security Trustee when it ceases to be rated at least the Requisite Credit Rating and, upon request of the Security Trustee, the Servicer shall use reasonable endeavours to procure that the parties to the Servicing Agreement enter into a servicing agreement with a third party in such form as the Issuer and the Security Trustee shall reasonably require within 60 days after receipt of such request from the Security Trustee.

The Issuer will pay to the Servicer a servicing fee (plus any applicable value added tax) as agreed in the Servicing Agreement.

The initial Servicer is ING. See section 3.4 (*Seller/Originator*) of this Prospectus.

## 7.6 SUB-PARTICIPATION

Under each Participation Agreement, the Issuer grants the relevant Participant a Participation in each relevant Savings Mortgage Receivable, Hybrid Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, in return for the payment by the Participant of the relevant Initial Settlement Amount and, Further Settlement Amounts, as follows.

### Participation

First, the Participant undertakes to pay to the Issuer for each Participation Mortgage Receivable:

- (a) on the Transfer Date relating to such Participation Mortgage Receivable: an amount equal to the Initial Settlement Amount as at such Transfer Date for such Participation Mortgage Receivable; and
- (b) on each subsequent Mortgage Collection Payment Date an amount equal to: a Further Settlement Amount for such Participation Mortgage Receivable, unless as a result of such payment the Participation in respect of such Participation Mortgage Receivable would exceed the Gross Outstanding Principal Balance of such Participation Mortgage Receivable at such time or, if lower and if such Participation Mortgage Receivable is a Bank Savings Mortgage Receivable, the related Bank Savings Deposit at such time, in which case only such amount shall be paid as is necessary for such Participation (which includes Accrued Savings Increases) to reach such Gross Outstanding Principal Balance or the related Bank Savings Deposit, as the case may be.

In return, in relation to each Participation Mortgage Receivable, the Issuer undertakes to pay to the relevant Participant on each Mortgage Collection Payment Date the Participation Redemption Available Amount, if any, received by the Issuer in respect of such Participation Mortgage Receivable since the preceding Mortgage Collection Payment Date.

If a Borrower with respect to:

- (i) a Savings Mortgage Receivable or Hybrid Mortgage Receivable invokes any defence purporting to establish that he may deduct an amount from the Participation Mortgage Receivable based on any default by the relevant Participant in the performance of any of its obligations under the relevant Mixed Insurance Policy; or
- (ii) a Bank Savings Mortgage Receivable invokes a right of set-off or for any other reason set-off is applied in respect of any part of the related Bank Savings Deposit against the Participation Mortgage Receivable,

and, in each case, as a consequence thereof, the Issuer does not receive such amount in respect of such Participation Mortgage Receivable, then such amount will be deducted from the relevant Participation.

### Enforcement Notice

If an Enforcement Notice is served by the Security Trustee on the Issuer, then the Security Trustee may and, if so directed by the relevant Participant, shall on behalf of such Participant by notice to the Issuer:

- (a) terminate the obligations of the relevant Participant under the relevant Participation Agreement; and
- (b) declare the relevant Participations to be immediately due and payable, provided that such payment obligation shall for each Participation Mortgage Receivable be limited to the relevant Participation Redemption Available Amount received by or on behalf of the Issuer or the Security Trustee under the relevant Participation Mortgage Receivable.

### Sale of relevant Participation Mortgage Receivable

If a Participation Mortgage Receivable relating to a Savings Mortgage Receivable or a Hybrid Mortgage Receivable is sold by or on behalf of the Issuer to the Seller or a third party, then the Issuer will (apart from, for the avoidance of doubt, paying the Insurance Savings Participation Redemption Available Amount in respect of such Participation Mortgage Receivable), if so requested by the relevant Insurance Savings Participant use reasonable endeavours to ensure that the acquirer of the relevant Participation

Mortgage Receivable will (a) enter into a participation agreement with the Insurance Savings Participant in a form similar to the relevant Insurance Savings Participation Agreement or (b) by way of partial take-over of contract (*partiële contractsoverneming*) take over the contractual relationship (*rechtsverhouding*) under the relevant Insurance Savings Participation Agreement to the extent relating to the Insurance Savings Participation associated to the relevant Participation Mortgage Receivable (in which case the Insurance Savings Participation Redemption Available Amount will be zero).

### **Priority of Payments**

The Revenue Priority of Payments and the Redemption Priority of Payments will be funded by Available Revenue Funds and Available Principal Funds. When calculating the relevant Principal Funds, certain deductions will be made by reference to the relevant Participation Redemption Available Amounts, which deducted amounts will not be applied in accordance with the Redemption Priority of Payments, but will be credited to the Participation Ledger and be paid to the relevant Participants in accordance with the Administration Agreement and the relevant Participation Agreement. When calculating the relevant Revenue Funds, certain deductions will be made by reference to the relevant Participation Fractions, with a view to the relevant Increases in the relevant Participations. The equivalent of such Increases is in turn treated as a Principal Fund, for application in accordance with the Redemption Priority of Payments.

Likewise, the Post-Enforcement Priority of Payments will not be funded by amounts which have been received by or on behalf of the Issuer and which are required to be credited to the Participation Ledger and paid to Participants on account of Participation Redemption Available Amounts.

For this purpose:

**"Bank Savings Participation Redemption Available Amount"** means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding Mortgage Collection Payment Date: an amount equal to the Bank Savings Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding Mortgage Collection Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Bank Savings Participation or (iii) in the case of (a) a sale of the relevant Bank Savings Mortgage Receivable pursuant to Clause 7 (*Sales by Issuer Generally*) *et seq.* of the Mortgage Receivables Purchase Agreement: an amount up to the Bank Savings Participation received pursuant to such sale of such Bank Savings Mortgage Receivable, unless the corresponding rights and obligations under or pursuant to the Bank Savings Participation Agreement are transferred in connection therewith or (b) a foreclosure on, or collection of, any Related Security to the extent relating to the relevant Bank Savings Mortgage Receivable: an amount up to the Bank Savings Participation pursuant to such foreclosure on, or collection of, any Related Security to the extent relating to the Gross Outstanding Principal Balance of such Bank Savings Mortgage Receivable.

**"Insurance Savings Participation Redemption Available Amount"** means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding Mortgage Collection Payment Date: an amount equal to the relevant Insurance Savings Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding Mortgage Collection Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the relevant Insurance Savings Participation or (iii) in the case of (a) a sale of the relevant Mortgage Receivable pursuant to Clause 7 (*Sales by Issuer Generally*) *et seq.* of the Mortgage Receivables Purchase Agreement: an amount up to the relevant Insurance Savings Participation received pursuant to such sale of such Mortgage Receivable, unless the corresponding rights and obligations under or pursuant to the relevant Insurance Savings Participation Agreement are transferred in connection therewith or (b) a foreclosure on, or collection of, any Related Security to the extent relating to the relevant Mortgage Receivable: an amount up to the relevant Insurance Savings Participation pursuant to such foreclosure on, or collection of, any Related Security to the extent relating to the Gross Outstanding Principal Balance of such Mortgage Receivable.

**"Participation Redemption Available Amount"** means a Bank Savings Participation Redemption Available Amount and an Insurance Savings Participation Redemption Available Amount.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 5 March 2013.
2. Application has been made to list the Class A Notes on Euronext Amsterdam on the Closing Date. The estimated total costs involved with such admission amount to EUR 6,000 and, on an annual basis, EUR 1,000.
3. The Class A Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 089319196 and ISIN Code NL0010395133.
4. The Class B Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 089319471 and ISIN Code NL0010395141.
5. The Class C Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 089319501 and ISIN Code NL0010395158.
6. The address of Euroclear Netherlands is Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.
7. Since its establishment, there have been no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer. Since the date of its establishment there has been no material change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer.
8. Physical copies of the following documents (together with, where applicable, English translations thereof) may be inspected at the specified offices of the Security Trustee or, if so elected by the Security Trustee, at any office of an affiliate company of the Director of the Security Trustee free of charge during normal business hours as long as any Notes are outstanding:
  - a. the Administration Agreement;
  - b. each Beneficiary Waiver Agreement and any additional beneficiary waiver agreement from time to time the entered into with an Insurance Company;
  - c. the deed of incorporation (*oprichtingsakte*) including the articles of association (*statuten*) of the Issuer;
  - d. the Incorporated Terms Memorandum;
  - e. the Issuer Account Agreement;
  - f. the letter of undertaking to be dated on or about the date hereof between, among others, the Issuer, the Director and the Security Trustee;
  - g. the Management Agreements;
  - h. the Mortgage Receivables Purchase Agreement;
  - i. the Participation Agreements;
  - j. the Paying Agency Agreement;
  - k. the Security Documents;
  - l. the Servicing Agreement;
  - m. the Swap Agreement; and

- n. the Trust Deed.
9. The articles of association of the Issuer are incorporated herein by reference. The Issuer's articles of association will be available free of charge at the registered office of the Issuer, the Security Trustee and the Principal Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [www.atccapitalmarkets.com](http://www.atccapitalmarkets.com).
10. A copy of this Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Principal Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [www.atccapitalmarkets.com](http://www.atccapitalmarkets.com).
11. U.S. taxes:
- 11.1 The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.
- 11.2 The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
12. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer. The auditors of the Issuer are Deloitte Accountants B.V., Amsterdam, The Netherlands of Orlyplein 10, 1043 DP Amsterdam, The Netherlands. The individual auditors of Deloitte Accountants B.V. are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).
13. All loan level data reports and investor reports required to be published by the Issuer can be obtained through the external website of the Dutch Securitisation Association: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl), until the redemption in full of the Class A Notes.
14. The Issuer is responsible for all information contained in this Prospectus. To the best of the Issuer's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information (except for the information for which the Seller is responsible as referred to in the following paragraph) contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller is responsible for the information referred hereafter. The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRD in section 1.4 (The Notes), 1.6 (Portfolio Information), 3.4 (Seller/Originator), 3.5 (Servicer), 4.4 (Regulatory and Industry Compliance), 6.1 (Stratification Tables), 6.2 (Description of Mortgage Loans), 6.3 (Origination and Servicing by Originator), 6.4 (Dutch Residential Mortgage Market) and 6.5 (NHG Guarantee Programme) and any other disclosure in this Prospectus in respect of Article 122a of the CRD. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in the aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an "**Independent Source**").

The most recent available information from Independent Sources has been included in this Prospectus. Some data are based on good faith estimates, which are derived in part from a review of internal

surveys of ING, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure such is the case).

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

**SCHEDULE 1**  
**GLOSSARY OF DEFINED TERMS**

**1. DEFINITIONS**

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the draft RMBS Standard as at the date of this Prospectus. However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term;
- if the defined term is between square brackets in the RMBS Standard definitions list or contains wording between square brackets in the RMBS Standard definitions list, by completing the defined term and removing the square brackets if the defined term is used in this Prospectus; or
- if the defined term contains a [•], by completing the defined term and removing the [•].

Except where the context requires otherwise, the following defined terms used in the Transaction Documents, the Conditions, the Notes and this Prospectus have the meanings set out below (as may be amended from time to time):

- + "**Accrued Interest**" means in relation to any Mortgage Receivable and as at any date (the "**Receivable Interest Determination Date**") on or after the relevant Transfer Date, interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Conditions immediately prior to the Receivable Interest Determination Date up to and including the Receivable Interest Determination Date;
  - + "**Accrued Savings Increases**" in relation to a Participation means the sum of the Increases for all months from the Transfer Date relating to the relevant Participation Mortgage Receivable;
  - + "**Accrued Savings Interest**" in relation to a Participation means the sum of the Monthly Interest for all months from the date on which the first Savings were received;
  - + "**Additional Purchase Conditions**" has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;
- "**Administration Agreement**" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
- "**AFM**" means The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);
- "**All Moneys Mortgage**" means any mortgage right (*hypothekerecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;
- "**All Moneys Pledge**" means any right of pledge (*pandrecht*) which secures (i) not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Security Rights**" means any All Moneys Mortgages and All Moneys Pledges jointly;

"**Annuity Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;

"**Annuity Mortgage Receivable**" means the Mortgage Receivable resulting from an Annuity Mortgage Loan;

"**Arranger**" means each of ING and J.P. Morgan Securities plc;

NA "Arrears" means [•]

+ "**Arrears of Interest**" means in relation to any Mortgage Receivable and as at the Receivable Interest Determination Date, interest which is due and payable and unpaid up to and including the Receivable Interest Determination Date;

\* "**Assignment Notification Event**" means the earliest to occur of the following unless the Security Trustee, having obtained Credit Rating Agency Confirmation to that effect, has confirmed in writing to the Seller and the Issuer that, subject to any condition imposed by the Security Trustee, any such event shall not (or not immediately) constitute an Assignment Notification Event:

- (i) a default is made by the Seller in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (ii) the Seller fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (iii) the Seller takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its dissolution (*ontbinding*), (ii) its liquidation (*vereffening*), (iii) a merger (*fusie*) involving the Seller as disappearing entity unless Credit Rating Agency Confirmation has been obtained in respect of such merger, (iv) a demerger or split-off (*splitsing of afsplitsing*) involving the Seller as disappearing entity or split-off entity (*splitsende entiteit*) unless Credit Rating Agency Confirmation has been obtained in respect of such demerger or split-off, (v) its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft, (vi) its bankruptcy, (vii) any analogous insolvency proceedings under any applicable law or (viii) the appointment of a liquidator (curator), administrator (*bewindvoerder*) or a similar officer of it or of any or all of its assets;
- (iv) the Seller's assets are placed under administration (*onder bewind gesteld*);
- (v) any credit rating of the Seller's long-term debt obligations falls below the Requisite Credit Rating, or any such credit rating is withdrawn; or
- (vi) an Event of Default occurs which is continuing;

"**Available Principal Funds**" has the meaning ascribed thereto in section 5.1 of this Prospectus;

"**Available Revenue Funds**" has the meaning ascribed thereto in section 5.1 of this Prospectus;

"**Bank Savings Account**" means, in respect of a Bank Savings Mortgage Loan, a blocked savings account in the name of a Borrower held with the Bank Savings Participant;

**"Bank Savings Deposit"** means, in relation to a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;

+ **"Bank Savings Interest Correction"** in relation to a Participation means for any month (i) one (1) in the case of a Savings Mortgage Receivable or a Hybrid Mortgage Receivable and (ii) in the case of a Bank Savings Mortgage Receivable the lower of (a) one (1) and (b) the interest rate applicable to the related Bank Savings Account divided by the interest rate applicable to such Bank Savings Mortgage Receivable for such month, both expressed as a percentage per annum;

**"Bank Savings Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;

**"Bank Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

**"Bank Savings Participant"** means ING;

\* **"Bank Savings Participation"** means, in relation to a Bank Savings Mortgage Receivable, an amount equal to the sum of (i) the Initial Bank Savings Participation as at the Transfer Date relating to the relevant Bank Savings Mortgage Receivable plus (ii) Bank Savings Participation Increases up to the Gross Outstanding Principal Balance or, if lower, the related Bank Savings Deposit, minus (iii) any Bank Savings Participation Redemption Available Amount paid by the Issuer to the Bank Savings Participant;

**"Bank Savings Participation Agreement"** means the bank savings participation agreement between the Issuer and ING as Bank Savings Participant and the Security Trustee dated the Signing Date;

\* **"Bank Savings Participation Increase"** means, in relation to a Bank Savings Mortgage Receivable, each Accrued Savings Increase;

**"Bank Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;

**"Beneficiary Rights"** means all rights which the Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the Seller has been appointed by the Borrower / insured as beneficiary (*begunstigde*) in connection with the relevant Mortgage Receivable;

**"Beneficiary Waiver Agreement"** means each beneficiary waiver agreement between, among others, the Seller, the Security Trustee and the Issuer dated the Closing Date;

**"BKR"** means National Credit Register (*Bureau Krediet Registratie*);

**"Borrower"** means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

\* **"Borrower Insurance Pledge"** means a right of pledge (*pandrecht*) created in favour of the Seller (which includes an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

**"Borrower Insurance Proceeds Instruction"** means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

**"Borrower Investment Account"** means, in respect of an Investment Mortgage Loan, an

investment account in the name of the relevant Borrower;

"**Borrower Pledge**" means a right of pledge (*pandrecht*) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge;

+ "**Breach of Portfolio Condition**" means a breach of the portfolio condition set forth in section 7.4 of this Prospectus;

"**Business Day**" means (i) when used in the definition of Notes Payment Date and in Condition 7.4 (*Euribor*), a TARGET 2 Settlement Day and (ii) in any other case, a day on which banks are generally open for business in Amsterdam and London;

+ "**Calculation Amount**" means EUR 1,000;

NA "**Cash Advance Facility Agreement**" means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;

"**Class A Notes**" means the EUR 1,365,000,000 senior class A mortgage-backed notes due 2051;

"**Class B Notes**" means the EUR 64,970,000 class B mortgage-backed notes due 2051;

"**Class C Notes**" means the EUR 42,900,000 class C notes due 2051;

\* "**Clean-Up Call Option**" means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables which are outstanding which right may be exercised on any Notes Payment Date if on the preceding Mortgage Calculation Date the aggregate Gross Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Amount of the Mortgage Receivables comprising the Initial Portfolio on the Cut-Off Date;

"**Closing Date**" means 7 March 2013 or such later date as may be agreed between the Issuer, the Seller and the Arrangers;

+ "**Code**" has the meaning ascribed thereto in Condition 11.2;

"**Code of Conduct**" means the Mortgage Code of Conduct (*Gedragcode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*);

"**Conditions**" means the terms and conditions of the Notes set out in Schedule 4 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

"**Construction Deposit**" means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

"**Construction Deposit Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

"**Coupons**" means the interest coupons appertaining to the Notes;

NA "**CPR**" means Constant Prepayment Rate;

+ "**CRA Regulation**" means Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies;

"**CRD**" means directive 2006/48/EC of the European Parliament and of the Council (as

amended by directive 2009/111/EC);

**"Credit Rating Agency"** means any credit rating agency (including any successor to its rating business) who, at the request of the Seller, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's;

**"Credit Rating Agency Confirmation"** means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

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

+ **"Crisis Management Directive"** is as defined in section 2.1 (*The Notes*) of this Prospectus;

**"Current Loan to Original Foreclosure Value Ratio"** means the ratio calculated by dividing the outstanding principal amount of a Mortgage Receivable by the Original Foreclosure Value;

**"Cut-Off Date"** means in relation to a Transfer Date, a Mortgage Calculation Date or a Notes Calculation Date, the final day of the calendar month preceding the calendar month in which such Transfer Date, Mortgage Calculation Date or Notes Calculation Date falls, and in relation to the Transfer Date falling on the Closing Date means 31 January 2013;

+ **"Deduction Risk"** is as defined in section 2.5 (*Mortgage Receivables and Mortgaged Assets*) of this Prospectus;

**"Deed of Assignment and Pledge"** means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;

NA **"Defaulted Mortgage Loan"** means a Mortgage Loan [that is in arrears for at least [ $\bullet$ ] day(s) / [ $\bullet$ ]];

**"Deferred Purchase Price"** means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;

**"Deferred Purchase Price Instalment"** means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all

- items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;
- "**Definitive Notes**" means Notes in definitive bearer form in respect of any Class of Notes;
- + "**Deposit Ledger**" means the ledger of the Issuer Collection Account designated as such;
- + "**Deposit Required Amount**" means, in the event of a downgrade of the credit rating of the Seller as described in the Mortgage Receivables Purchase Agreement, for as long as it is continuing, on any Mortgage Calculation Date an amount equal to the sum of all cash deposits (other than in relation to Bank Savings Mortgage Receivables) made by Borrowers with the Seller in relation to any Mortgage Receivable as at the Cut-Off Date relating to such Mortgage Calculation Date;
- "**Directors**" means ATC Management B.V. as the sole director of each of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V. as the sole director of the Security Trustee collectively;
- "**DNB**" means the Dutch central bank (*De Nederlandsche Bank N.V.*);
- "**DSA**" means the Dutch Securitisation Association;
- + "**Dutch Insolvency Proceedings**" means a (provisional) suspension of payments (*voorlopige surseance van betaling*), bankruptcy (*faillissement*), or, if applicable, emergency regulations (*noodregeling*) in the interests of all creditors as referred to in Chapter 3 of the Wft;
- + "**Eligibility Criteria**" means the criteria as set out in section 7.3 (*Eligibility Criteria*) of this Prospectus;
- + "**Eligible Receivable**" means a Mortgage Receivable that complies with the Eligibility Criteria as at the relevant Transfer Date of such Mortgage Receivable;
- NA "**Enforcement Date**" means the date of an Enforcement Notice;
- "**Enforcement Notice**" means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 12 (*Events of Default*);
- "**ESMA**" means the European Securities and Markets Authority;
- "**EUR**" or "**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;
- "**Euribor**" has the meaning ascribed to it in Condition 7 (*Interest*);
- "**Euroclear Netherlands**" means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;
- "**Euronext Amsterdam**" means NYSE Euronext in Amsterdam;
- "**Events of Default**" means any of the events specified as such in Condition 12 (*Events of Default*);
- "**Exchange Date**" means the date, not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;
- + "**Exchange Event**" has the meaning ascribed to such term in the Permanent Global Notes;
- "**Extraordinary Resolution**" has the meaning ascribed to it in Condition 2;
- + "**FATCA**" means the Foreign Account Tax Compliance provisions of the U.S. Hiring

Incentives to Restore Employment Act of 2010;

"**Final Maturity Date**" means the Notes Payment Date falling in March 2051;

"**First Optional Redemption Date**" means the Notes Payment Date falling in March 2019;

"**Fitch**" means Fitch Ratings Ltd., and includes any successor to its rating business;

+ "**Fixed Security Rights**" means security securing only (i) one or more specified receivables of the relevant initial pledgee or mortgagee against the relevant debtor or (ii) receivables arising from one or more specified contractual relationships (*rechtsverhoudingen*) between the relevant initial pledge or mortgagee and the relevant debtor;

"**Foreclosure Value**" means the foreclosure value of the Mortgaged Asset;

"**Further Advance**" means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;

"**Further Advance Receivable**" means the Mortgage Receivable resulting from a Further Advance;

+ "**Further Settlement Amount**" in relation to a Bank Savings Participation and Insurance Savings Participation, means an amount equal to the Savings received by the relevant Participant in the preceding month;

"**Global Note**" means any Temporary Global Note or Permanent Global Note;

+ "**Gross Outstanding Principal Balance**" means, in relation to a Mortgage Receivable at any date, the aggregate principal balance of such Mortgage Receivable at such date (but avoiding double counting) including the following:

(i) the aggregate principal balance of such Mortgage Receivable (which includes, for the avoidance of doubt, the aggregate amounts standing to the credit of the Construction Deposit in respect of such Mortgage Receivable), as at the Cut-Off Date relating to its Transfer Date; and

(ii) any increase in the principal amount due under such Mortgage Receivable due to any Further Advance,

in each case relating to such Mortgage Receivable less any prepayment, repayment or payment of the foregoing made on or prior to such date;

\* "**Hybrid Mortgage Loan**" means any Mortgage Loan or part thereof that is in the form of an asset growth loan or a life growth loan or any other loan with substantially the same or comparable characteristics, offered by the Originator, under which loan the Borrower does not pay principal towards redemption of the principal amount outstanding prior to the maturity but instead takes out a Mixed Insurance Policy;

"**Hybrid Mortgage Receivable**" means a Mortgage Receivable resulting from a Hybrid Mortgage Loan;

+ "**Income Ledger**" means the ledger of the Issuer Collection Account designated as such;

+ "**Incorporated Terms Memorandum**" means the incorporated terms memorandum, signed for identification purposes on or around the Signing Date between all parties to the Transaction Documents;

+ "**Increase**" in relation to a Participation means for any month:

(the Participation Fraction x I) + FSA,

where (i) "**I**" means the amount of interest actually received by or on behalf of the Issuer from the relevant Borrower for such month and (ii) "**FSA**" means the Further Settlement Amount

for such month actually received by or on behalf of the Issuer;

**"Indexed Foreclosure Value"** means the value calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartments prices), as provided by the Land Registry for the province where the property is located;

+ **"ING"** means ING Bank N.V., a public company (*naamloze vennootschap*) having its corporate seat (*statutaire zetel*) in Amsterdam and its registered offices at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands and being registered at the Chamber of Commerce in Amsterdam under number 33031431;

**"Initial Bank Savings Participation"** means, in relation to a Bank Savings Mortgage Receivable, an amount equal to the sum of all Savings plus Accrued Savings Interest;

**"Initial Insurance Savings Participation"** means, in relation to a Savings Mortgage Receivable or Hybrid Mortgage Receivable, an amount equal to the sum of all Savings plus Accrued Savings Interest;

+ **"Initial Portfolio"** means the Mortgage Receivables particulars of which are set out in the Deed of Assignment and Pledge executed on the Closing Date;

\* **"Initial Purchase Price"** in relation to a Mortgage Receivable means the Gross Outstanding Principal Amount of such Mortgage Receivable as at the relevant Cut-Off Date;

+ **"Initial Settlement Amount"** means, in relation to a Participation in:

(i) a Bank Savings Mortgage Receivable, the Initial Bank Savings Participation; and/or

(ii) a Savings Mortgage Receivable or Hybrid Mortgage Receivable, the Initial Insurance Savings Participation;

+ **"Insolvency Proceedings"** means any Dutch Insolvency Proceeding or any equivalent or analogous proceeding under the laws of any other jurisdiction;

**"Insurance Company"** means any insurer that issued an insurance policy to a Borrower connected to the Mortgage Conditions and relating to a Mortgage Receivable;

\* **"Insurance Policy"** means a Mixed Insurance Policy or a Risk Insurance Policy;

**"Insurance Savings Participant"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V. and Algemene Levensherverzekering Maatschappij N.V. and, in each case, and any of its predecessors;

\* **"Insurance Savings Participation"** means, in relation to a Savings Mortgage Receivable or a Hybrid Mortgage Receivable, an amount equal to the sum of (i) the Initial Insurance Savings Participation as at the Transfer Date relating to the relevant Participation Mortgage Receivable plus (ii) Insurance Savings Participation Increases up to the Gross Outstanding Principal Balance, minus (iii) any Insurance Savings Participation Redemption Available Amount paid by the Issuer to the relevant Insurance Savings Participant;

**"Insurance Savings Participation Agreement"** means each insurance savings participation agreement between the Issuer and an Insurance Savings Participant and the Security Trustee dated the Signing Date;

\* **"Insurance Savings Participation Increase"** means relating to a Savings Mortgage Receivable or a Hybrid Mortgage Receivable, each Accrued Savings Increase;

**"Insurance Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;

**"Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

**"Interest-only Mortgage Receivable"** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

**"Interest Period"** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in June 2013 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

**"Interest Rate"** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 7 (*Interest*);

**"Investment Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;

**"Investment Mortgage Receivable"** means the Mortgage Receivable resulting from an Investment Mortgage Loan;

**"ISDA"** means the International Swaps and Derivatives Association, Inc.;

**"Issue Price"** means 100%;

**"Issuer"** means Orange Lion 2013-9 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and established in Amsterdam, The Netherlands;

**"Issuer Account Agreement"** means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;

**"Issuer Account Bank"** means ING;

+ **"Issuer Account Pledge Agreement"** means the account pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) relating to the Issuer Accounts dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Account Rights;

+ **"Issuer Account Rights"** means any and all rights of the Issuer in respect of the Issuer Transaction Accounts, against any Issuer Account Bank;

\* **"Issuer Accounts"** means any of the Issuer Collection Account, Reserve Account, Construction Deposit Account and the Swap Collateral Account;

+ **"Issuer Actual Income"** means:

(i) interest received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction;

(ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables; and

(iii) interest received on the Issuer Collection Account;

**"Issuer Administrator"** means ING;

**"Issuer Collection Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Issuer Covenants"** means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

**"Issuer Management Agreement"** means the issuer management agreement between the

Issuer, ATC Management B.V. and the Security Trustee dated the Signing Date;

**"Issuer Mortgage Receivables Pledge Agreement"** means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

**"Issuer Rights"** means any and all rights of the Issuer under and in connection with the Transaction Documents;

\* **"Issuer Rights Pledge Agreement"** means the pledge agreement between, among others, the Issuer and the Security Trustee dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

+ **"Issuer Scheduled Income"** means:

(i) interest scheduled to be received by the Issuer in respect of the Mortgage Receivables (a) other than prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the net amount scheduled to be received multiplied by the applicable Participation Fraction;

(ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables; and

(iii) interest received on the Issuer Collection Account;

**"Issuer Transaction Account"** means any of the Issuer Collection Account and the Reserve Account;

**"Land Registry"** means the Dutch land registry (*het Kadaster*);

+ **"Lead Managers"** means ING and J.P. Morgan Securities plc;

+ **"Lending Criteria"** means such criteria applicable to the granting of a Mortgage Loan to a Borrower as the Seller (which includes an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*) may from time to time apply and which would be acceptable to a person acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests;

+ **"Liabilities"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

**"Life Insurance Policy"** means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

**"Life Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;

**"Life Mortgage Receivable"** means the Mortgage Receivable resulting from a Life Mortgage Loan;

**"Linear Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;

"**Linear Mortgage Receivable**" means the Mortgage Receivable resulting from a Linear Mortgage Loan;

"**Listing Agent**" means ING or any other listing agent appointed by the Issuer from time to time for the purposes of liaising with Euronext Amsterdam and/or any other stock exchange from time to time;

"**Loan Parts**" means one or more of the loan parts (*leningdelen*) of which a Mortgage Loan consists;

"**Management Agreement**" means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

"**Manager**" means J.P. Morgan Securities plc;

NA "Market Value" means (i) the market value (*marktwaarde*) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset [plus the purchase price of the relevant building lot];

NA "Master Definitions Agreement" means the master definitions agreement between, among others, the Sellers, the Issuer and the Security Trustee dated the Signing Date;

+ "Mixed Insurance Policy" means any insurance policy under which premium is paid consisting of a risk element and a capital element consisting of a savings part and/or an investment part, as the case may be, including a Life Insurance Policy, a Savings Insurance Policy and a Savings Investment Insurance Policy;

+ "Monthly Interest" in relation to a Participation means for any month:

$MIR \times (S + AI)$ ,

where (i) "MIR" means the monthly interest rate applicable in such month (a) in the case of a Savings Mortgage Receivable or a Hybrid Mortgage Receivable, to the Participation Mortgage Receivable or (b) in the case of a Bank Savings Mortgage Receivable, to the related Bank Savings Account, (ii) "S" means the Savings received up to the first day of such month and (iii) "AI" means the Accrued Savings Interest up to the first day of such month;

"Moody's" means Moody's Investors Service Ltd., and includes any successor to its rating business;

"Mortgage" means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivables;

"Mortgage Calculation Date" means, in relation to a Mortgage Collection Payment Date, the third Business Day prior to such Mortgage Collection Payment Date;

"Mortgage Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of March 2013;

\* "Mortgage Collection Payment Date" means the 20<sup>th</sup> day of each calendar month, provided that if any such day is not a Business Day, that Mortgage Collection Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

"Mortgage Conditions" means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any

other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

**"Mortgage Loan Services"** means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

\* **"Mortgage Loans"** means the mortgage loans granted by the Seller (which includes an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) to the relevant borrowers which may consist of one or more loan parts (*leningdelen*) as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivable"** means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ **"Mortgage Receivables Warranty"** means the representations and warranties given by the Seller in respect of the Mortgage Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Mortgage Receivables Purchase Agreement;

**"Mortgaged Asset"** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpachtsrecht*) situated in The Netherlands on which a Mortgage is vested;

+ **"Most Senior Class of Notes"** means the Class A Notes for so long as there are any Class A Notes outstanding, thereafter the Class B Notes for so long as there are any Class B Notes outstanding, and thereafter the Class C Notes for so long as there are any Class C Notes outstanding;

**"Municipality Guarantee"** means a guarantee pursuant to the 'municipal government participation scheme' introduced in 1956 by the Dutch government;

**"Net Foreclosure Proceeds"** means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

+ **"Net Outstanding Principal Balance"** means in relation to a Mortgage Receivable, at any date, the Gross Outstanding Principal Balance of such Mortgage Receivable less, if it is a Participation Mortgage Receivable, an amount equal to the relevant Participation on such date;

**"NHG Conditions"** means the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;

**"NHG Guarantee"** means a guarantee (*borgtocht*) under the NHG Conditions granted by Stichting WEW;

**"NHG Mortgage Loan"** means a Mortgage Loan that has the benefit of an NHG Guarantee;

**"NHG Mortgage Loan Receivable"** means the Mortgage Receivable resulting from an NHG Mortgage Loan;

+ **"Note Interest Amount"** means:

- (i) in respect of a Note for the Notes Calculation Period commencing on the Closing Date, the Quarterly Note Interest calculated on the related Notes Calculation Date; or
- (ii) in respect of a Note for any subsequent Notes Calculation Period, the Quarterly Note Interest calculated on the related Notes Calculation Date;

+ **"Note Principal Payment"** means, on any Notes Payment Date:

- (i) in the case of each Class A Note, an amount equal to the lesser of the Available Principal Funds (minus the amount to be applied to higher ranking items of the relevant Priority of Payments on such Note Payment Date) and the Notional Principal Amount Outstanding of the Class A Notes, each determined as at the related Notes Calculation Date, divided by the number of outstanding Class A Notes; and
- (ii) in the case of each Class B Note, an amount equal to the lesser of the Available Principal Funds (minus the amount to be applied to higher ranking items of the relevant Priority of Payments on such Note Payment Date) and the Notional Principal Amount Outstanding of the Class B Notes, each determined as at the related Notes Calculation Date, divided by the number of outstanding Class B Notes,

in any such case rounded down to the nearest multiple of EUR 100,000;

**"Noteholders"** means the persons who for the time being are the holders of the Notes;

**"Notes"** means the Class A Notes, the Class B Notes and the Class C Notes;

**"Notes Calculation Date"** means, in relation to a Notes Payment Date, the third Business Day prior to such Notes Payment Date;

\* **"Notes Calculation Period"** means each period from (and including) a Notes Payment Date (or the Closing Date) to (but excluding) the first following Notes Payment Date and, in relation to a Notes Calculation Date, the **"related Notes Calculation Period"** means the Notes Calculation Period in which such Notes Calculation Date falls, except for the first Notes Calculation Period which will commence on the Closing Date and end on (and exclude) the Notes Payment Date falling in June 2013;

**"Notes Payment Date"** means the 25th day of March, June, September and December of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

+ **"Notice"** means (i) in respect of notice to be given to Noteholders, a notice validly given pursuant to Condition 20 (*Notices*) and (ii) in respect of a notice to be given to a party to a Transaction Document, a notice validly given pursuant to Clause 15 (*Notices*) of Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum;

+ **"Notional Principal Amount Outstanding"** means on any day, in relation to a Note of any Class, the Principal Amount Outstanding of such Note minus an amount equal to that portion of the negative balance of the relevant Principal Deficiency Ledger for such Class on that day as calculated by the Issuer (or the Issuer Administrator on its behalf) divided by the number of outstanding Notes in such Class;

**"NVM"** means the Dutch Association of Real Estate Brokers and Immovable Property Experts (*Nederlandse Vereniging van Makelaars en vastgoeddeskundigen*);

**"Optional Redemption Date"** means any Notes Payment Date from (and including) the First

Optional Redemption Date up to (and excluding) the Final Maturity Date;

"**Original Foreclosure Value**" means the Foreclosure Value as assessed by the Originator at the time of granting the Mortgage Loan;

NA "**Original Market Value**" means the Market Value as assessed by the Originator at the time of granting the Mortgage Loan;

"**Originator**" means the Seller;

"**Other Claim**" means any claim the Seller has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

NA "**Outstanding Principal Amount**" means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss, zero;

"**Parallel Debt**" has the meaning ascribed thereto in section 2.2 (*Security*) of this Prospectus;

"**Participant**" means with respect to (i) a Savings Mortgage Receivable or a Hybrid Mortgage Receivable, each Insurance Savings Participant and (ii) a Bank Savings Mortgage Receivable, the Bank Savings Participant;

"**Participation**" means in respect of each Savings Mortgage Receivable and each Hybrid Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;

"**Participation Agreement**" means the Bank Savings Participation Agreement or any Insurance Savings Participation Agreement;

\* "**Participation Fraction**" means, with respect to a Participation Mortgage Receivable, the Bank Savings Interest Correction multiplied by the figure representing the division of the relevant Participation by the Gross Outstanding Principal Balance of such Participation Mortgage Receivable;

+ "**Participation Ledger**" means the ledger of the Issuer Collection Account designated as such;

+ "**Participation Mortgage Receivable**" means a Savings Mortgage Receivable, Hybrid Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, to which a Participation applies;

"**Participation Redemption Available Amount**" has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of the Prospectus;

"**Paying Agency Agreement**" means the paying agency agreement between the Issuer, the Paying Agent and the Security Trustee dated the Signing Date;

"**Paying Agent**" means the Principal Paying Agent;

"**Permanent Global Note**" means a permanent global note in respect of a Class of Notes;

\* "**Pledge Agreements**" means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement;

"**Pledge Notification Event**" means any of the events specified in Clause 2.2 of the Issuer Mortgage Receivables Pledge Agreement;

"**Post-Enforcement Priority of Payments**" means the priority of payments set out as such in section 5.2 (*Priority of Payments*) of this Prospectus;

"**Prepayment Penalties**" means any prepayment penalties (*boeterente*) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date

whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

"**Principal Amount Outstanding**" has the meaning ascribed to it in Condition 7.1 (*Accrual of Interest*);

"**Principal Deficiency**" means the debit balance, if any, of the relevant Principal Deficiency Ledger;

"**Principal Deficiency Ledger**" means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

+ "**Principal Funds**" means:

- (i) any amount, sales proceeds, refinancing proceeds, arrears and other amount relating to principal, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than any prepayment penalties, (b) net of any relevant foreclosure costs, and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the relevant Participation Redemption Available Amount;
- (ii) any Initial Settlement Amount received from any Participant under the relevant Participation Agreement; and
- (iii) an amount equal to any Increase which applies to any Participation pursuant to the relevant Participation Agreement;

+ "**Principal Liabilities**" means any amounts the Issuer owes to the Noteholders and the other Secured Creditors as and when the same fall due for payment and whether or not any such obligations have arisen as at the Closing Date under or pursuant to the Notes and the Transaction Documents, respectively, but excluding the Parallel Debt;

"**Principal Paying Agent**" means ING;

NA "**Principal Shortfall**" means an amount equal to the balance of the Principal Deficiency Ledger of the relevant Class divided by the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

"**Priority of Payments**" means any of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments;

"**Professional Market Party**" means a professional market party (*professionele marktpartij*) as defined in the Wft;

"**Prospectus**" means this prospectus;

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

+ "**Prospectus Regulation**" means the EU Commission regulation 809/2004, as amended;

+ "**Quarterly Note Interest**" means, in respect of a Note for any Notes Calculation Period the amount of interest determined in respect of such Note for such Notes Calculation Period by:

- (i) applying the relevant Interest Rate for such Notes Calculation Period to the Calculation Amount;
- (ii) then multiplying the amount so calculated under (i) by the amount so calculated by the relevant day count fraction (being the actual number of days in such period divided by 360) and rounding the resultant figure to the nearest EUR 0.01; and
- (iii) multiplying such rounded figure by a fraction equal to the Principal Amount

Outstanding of such Note on the Notes Payment Date first following such Notes Calculation Date divided by the Calculation Amount;

"**Realised Loss**" means on any Notes Calculation Date, an amount equal to the sum of:

- (i) the amount of the difference between (x) the aggregate principal amount outstanding of all Mortgage Receivables, which the Seller, the Servicer, the Issuer or the Security Trustee (as the case may be) has foreclosed during the related Notes Calculation Period *less* the Participations, and (y) the sum of the Net Foreclosure Proceeds applied to reduce the principal amounts under such Mortgage Receivables *less* the Participations;
- (ii) the aggregate principal amount outstanding of all Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement and/or the Trust Deed, *less* the Participations, and *less* the net purchase price (to the extent relating to principal) received by or on behalf of the Issuer in respect of such sold Mortgage Receivables during the related Notes Calculation Period, *less* the Participations ; and
- (iii) with respect to Mortgage Receivables which have been extinguished (*teniet gegaan*), in part or in full, during the related Notes Calculation Period as a result of a set-off right having been invoked by the relevant Borrower or the Seller, as the case may be, the positive difference, if any, between the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) and the amount paid by the Seller pursuant to the Mortgage Receivables Purchase Agreement in connection with such set-off;

+ "**Receivable Interest Determination Date**" is as defined in the definition "Accrued Interest";

NA "**Redemption Amount**" means the principal amount redeemable in respect of [each integral multiple of] a Note as described in Condition [•] (*Redemption*);

+ "**Redemption Ledger**" means the ledger of the Issuer Collection Account designated as such;

"**Redemption Priority of Payments**" means the priority of payments set out as such in section 5.2 (*Priority of Payments*) of this Prospectus;

NA "**Reference Agent**" means [•];

+ "**Reference Banks**" means, the principal office of four major banks in the Eurozone interbank market selected by the Paying Agent at the relevant time;

+ "**Reference Rate**" means the rate of Euribor as calculated in accordance with Condition 7.4;

+ "**Related Security**" means, with respect to any Mortgage Receivable, all related accessory rights (*afhankelijke rechten*), ancillary rights (*nevenrechten*), connected rights (*kwalitatieve rechten*) and independently transferable claims (*zelfstandig overdraagbare vorderingsrechten*), including rights of mortgage (*hypotheekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights;

+ "**Relevant Margin**" means, up until (but excluding) the First Optional Redemption Date for the Class A Notes 0.85% per annum and from (and including) the First Optional Redemption Date for the Class A Notes 1.70% per annum;

NA "**Relevant Remedy Period**" means [•];

+ "**Relevant Screen**" means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with the Condition 20 (*Notices*);

**"Requisite Credit Rating"** means in respect of any entity's debt obligations, the minimum credit ratings, including any issuer default rating, determined to be applicable or agreed by a Credit Rating Agency from time to time, being as at the Closing Date in respect of:

- (i) the Issuer Account Bank: F1 (short-term) and A (long-term) by Fitch, and P-1 (short-term) by Moody's;
- (ii) the Seller for the purpose of:
  - (A) an Assignment Notification Event: BBB+ (long-term) by Fitch and Baa1 (long-term) by Moody's;
  - (B) mitigating commingling risk: F1 (short-term) and A (long-term) by Fitch and P-1 (short-term) by Moody's;
  - (C) mitigating joint security risk: F1 (short-term) and BBB+ (long-term) by Fitch and A3 (long-term) by Moody's; and
  - (D) mitigating set-off risk: F1 (short-term) and A (long-term) by Fitch and P-1 (short-term) by Moody's;
- (iii) the Servicer: BBB (long-term) by Fitch and Baa3 (long-term) by Moody's;
- (iv) the Swap Counterparty (or its related credit support provider): A (long-term) and F1 by Fitch (short-term) by Fitch, A2 (long-term) and P-1 (short-term) by Moody's or, if such entity does not have a Moody's short-term credit rating, A1 (long-term) by Moody's;

**"Reserve Account"** means the bank account of the Issuer, designated as such in the Issuer Account Agreement;

**"Reserve Account Target Level"** means on any Notes Calculation Date a level equal to an amount equal to EUR 42,900,000 or zero, on the Notes Payment Date on which the Notes have been or are to be redeemed in full;

+ **"Reserved Matter"** has the meaning set forth as such in Condition 16 (*Modification and Waiver*);

+ **"Retained Notes"** means the Class B Notes and the Class C Notes;

+ **"Revenue Funds"** means:

- (i) interest, fees and other amounts, including any Accrued Interest and Arrears of Interest as at the Transfer Date of the relevant Mortgage Receivable, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than the Principal Funds and any prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to interest in respect of each Participation Mortgage Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction; and
- (ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables;

**"Revenue Priority of Payments"** means the priority of payments set out in section 5.2 (*Priority of Payments*) of this Prospectus;

+ **"Revolving Credit Mortgage Loan"** is as defined in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**"Risk Insurance Policy"** means the risk insurance (*risicoverzekering*) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;

**"RMBS Standard"** means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;

+ **"Savings"** in relation to a Participation means with respect to (i) a Savings Mortgage Receivable or Hybrid Mortgage Receivable, all Savings Premiums received by the relevant Insurance Savings Participant from the relevant Borrower under or pursuant to the relevant Mixed Insurance Policy, and (ii) a Bank Savings Mortgage Receivable, all payments made by the relevant Borrower to the related Bank Savings Account;

**"Savings Insurance Company"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V. and Algemene Levensherv verzekering Maatschappij N.V. and, in each case, any of its predecessors;

**"Savings Insurance Policy"** means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

**"Savings Investment Insurance Policy"** means an insurance policy taken out by any Borrower, in connection with a Hybrid Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

+ **"Savings/Investment Proceeds"** is as defined in section 2.5 (*Mortgage Receivables and Mortgaged Assets*) of this Prospectus;

**"Savings Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company;

**"Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a Savings Mortgage Loan;

**"Savings Premium"** means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the relevant Savings Insurance Company on the basis of the Savings Insurance Policy or Savings Investment Insurance Policy;

+ **"Screen"** means the display as quoted on the Reuters Screen EURIBOR01; or

(i) such other page as may replace Reuters Screen EURIBOR01 on that service for the purpose of displaying such information; or

(ii) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Security Trustee) as may replace such screen;

+ **"Screen Rate"** means, in relation to a date falling two Business Days prior to the Notes Payment Date, the offered quotations for euro deposits for the length in months of the related Notes Calculation Period (or, in the case of the first Notes Calculation Period from the Closing Date to but excluding the Notes Payment Date falling in June 2013, the linear interpolation of the offered quotations for three and four months euro deposits, rounded to five decimal places with the mid-point rounded up) in the Amsterdam interbank market determined by reference to the Screen as at or about 11:00 a.m. (Amsterdam time) on that date;

+ **"Second Beneficiary"** is as defined in section 2.5 (*Mortgage Receivables and Mortgaged Assets*) of this Prospectus;

**"Secured Creditors"** means the Security Trustee (in its own capacity and on behalf of the Noteholders), the Seller, the Servicer, the Issuer Administrator, the Swap Counterparty, the Directors, the Paying Agent(s), any Participant, the Listing Agent, the Issuer Account Bank and all other creditors for whom the Security is expressed to be granted subject to and in

accordance with the Trust Deed;

+ "**Secured Obligations**" means all present and future obligations owed by the Issuer to the Security Trustee pursuant to the Parallel Debt and, if and to the extent that at the time of the creation of the relevant right of pledge, or at any time thereafter, a Principal Liability owed to the Security Trustee cannot be validly secured through the Parallel Debt, such Principal Liability itself;

"**Securities Act**" means the United States Securities Act of 1933 (as amended);

"**Security**" means any and all security interest created pursuant to the Security Documents;

"**Security Documents**" means the Pledge Agreements and any Deed of Assignment and Pledge;

"**Security Trustee**" means Stichting Trustee Orange Lion 2013-9 RMBS, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, The Netherlands;

"**Security Trustee Management Agreement**" means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V., and the Issuer dated the Signing Date;

"**Seller**" means ING;

\* "**Seller Collection Account**" means any bank account in the name of the Seller with the Seller Collection Account Bank into which, among other things, payments under the Mortgage Receivables are collected;

"**Seller Collection Account Bank**" means ING and/or any other person;

"**Servicing Agreement**" means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;

"**Servicer**" means ING;

"**Shareholder**" means Stichting Holding Orange Lion 2013-9 RMBS, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, The Netherlands;

"**Shareholder Management Agreement**" means the shareholder management agreement between the Shareholder, ATC Management B.V. and the Security Trustee dated the Signing Date;

"**Signing Date**" means 5 March 2013 or such later date as may be agreed between the Issuer and the Lead Managers;

+ "**SMFI**" is as defined in is as defined in section 2.1 (*The Notes*) of this Prospectus;

+ "**Specified Office**" means, in relation to any Paying Agent, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Paying Agency Agreement;

"**Stichting WEW**" means Stichting Waarborgfonds Eigen Woningen;

+ "**Subordinated Swap Payment**" means in relation to the Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of an Event of Default or an Additional Termination Event pursuant to Part 5(c)(A) (as the case may be) (each as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or the sole Affected Party (as the case may be) (each as defined in the Swap Agreement);

\* "**Subscription Agreement**" means the subscription agreement between the Lead Managers relating to the Notes, the Issuer and the Seller dated the Signing Date;

- NA            "**Sub-servicer**" means [•] or any subsequent sub-agent of the Servicer;
- "**Swap Agreement**" means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) between the Issuer, the Swap Counterparty and the Security Trustee dated the Signing Date;
- "**Swap Collateral**" means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
- "**Swap Collateral Account**" means any bank account or securities account opened by the Issuer in respect of any Swap Collateral;
- "**Swap Counterparty**" means ING;
- +            "**Swap Replacement Ledger**" means the ledger of the Issuer Collection Account designated as such;
- "**Swap Transaction**" means the swap transaction entered into under the Swap Agreement;
- +            "**Talon**" and "**Talons**" means the talons for further Coupons attached to the Definitive Notes on issue;
- "**TARGET 2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;
- "**TARGET 2 Settlement Day**" means any day on which TARGET 2 is open for the settlement of payments in euro;
- +            "**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of The Netherlands or any political subdivision or authority thereof or therein;
- "**Temporary Global Note**" means a temporary global note in respect of a Class of Notes;
- +            "**Traditional Alternative**" is as defined in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;
- "**Transaction Documents**" means:
- (i)        the Administration Agreement;
  - (ii)       the Beneficiary Waiver Agreements;
  - (iii)      each Deed of Assignment and Pledge;
  - (iv)      the deposit agreement dated on or about the Signing Date between the Seller, the Issuer, the Security Trustee and a civil law notary as escrow agent;
  - (v)        the Issuer Account Agreement;
  - (vi)       the Issuer Account Pledge Agreement;
  - (vii)      the Issuer Rights Pledge Agreement;
  - (viii)     the Issuer Management Agreement;
  - (ix)       the Issuer Mortgage Receivables Pledge Agreement;

- (x) the letter of undertaking to be dated on or about the date hereof between, among others, the Issuer, the Director and the Security Trustee;
- (xi) the Mortgage Receivables Purchase Agreement;
- (xii) the Participation Agreements;
- (xiii) the Paying Agency Agreement;
- (xiv) the Security Trustee Management Agreement;
- (xv) the Servicing Agreement;
- (xvi) the Shareholder Management Agreement;
- (xvii) the Subscription Agreement;
- (xviii) the Swap Agreement; and
- (xix) the Trust Deed;

and any agreements entered into in connection therewith from time to time;

+ "**Transfer Date**" means the Closing Date or the date of transfer of any Further Advance Receivables to the Issuer in accordance with the Mortgage Receivables Purchase Agreement;

"**Trust Deed**" means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;

"**Unit-Linked Alternative**" has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

+ "**United States person**" (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or any State of the United States, (iii) a trust subject to the primary supervision of a U.S. court and the control of United States persons and (iv) an estate of which the income is subject to U.S. Federal income tax regardless of its source;

+ "**U.S. person**" has the meaning given to it by Regulation S under the Securities Act;

+ "**Weighted Average Loan to Foreclosure Value**" means the Current Loan to Original Foreclosure Value Ratio of all Mortgage Receivables weighted by the respective loan current balance, determined as the difference of the Net Outstanding Principal Balance minus the aggregate amounts standing to the credit of any Construction Deposit in relation to such Mortgage Receivables.

"**Wft**" means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time; and

"**WOZ**" means the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) as amended from time to time;

## 2. INTERPRETATION

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

2.2 Any reference in this Prospectus to:

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes or the Class C Notes, as applicable;

a "**Class A**", "**Class B**" or "**Class C**" Noteholder, Principal Deficiency, Principal Deficiency Ledger or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption pertaining to, as applicable, the relevant Class of Notes;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "**months**" and "**monthly**" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*voorlopige surséance van betaling*) as meant in the Dutch Bankruptcy Act (*faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "**pro resto hoofdsom**" and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or otherwise replaced such party (by way of novation

or otherwise), under or in connection with a Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and any subsequent successors in accordance with their respective interests.

2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## **REGISTERED OFFICES**

### **ISSUER**

Orange Lion 2013-9 RMBS B.V.  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

### **SELLER**

ING Bank N.V.  
Bijlmerplein 888  
1102 MG Amsterdam Zuidoost  
The Netherlands

### **SERVICER**

ING Bank N.V.  
Amstelveenseweg 500  
1081 KL Amsterdam  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Trustee Orange Lion 2013-9 RMBS  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

## **JOINT ARRANGERS AND JOINT LEAD MANAGERS**

ING Bank N.V.  
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1081 KL Amsterdam  
The Netherlands

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25 Bank Street  
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## **LEGAL ADVISERS TO THE SELLER**

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Clifford Chance LLP  
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## **LEGAL ADVISERS TO J.P. MORGAN SECURITIES PLC AS JOINT ARRANGER AND AS JOINT LEAD MANAGER**

(as to Dutch and English law)  
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### **PAYING AGENT**

ING Bank N.V.  
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1102 MG Amsterdam Zuidoost  
The Netherlands

### **LISTING AGENT**

ING Bank N.V.  
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The Netherlands