

EXECUTION VERSION

**SIXTH AMENDED AND RESTATED
MORTGAGES TRUST DEED**

DATED 30 APRIL 2020

**SANTANDER UK PLC
as Seller, a Beneficiary and Cash Manager**

and

**LANGTON FUNDING (NO. 1) LIMITED
as Funding 1 and a Beneficiary**

and

**LANGTON MORTGAGES TRUSTEE (UK) LIMITED
as Mortgages Trustee**

ALLEN & OVERY

Allen & Overy LLP

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THIS SIXTH AMENDED AND RESTATED MORTGAGES TRUST DEED (this **Deed**) is made on 30 April 2020

BETWEEN:

- (1) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacities as **Seller**, a **Beneficiary** and **Cash Manager**);
- (2) **LANGTON FUNDING (NO. 1) LIMITED** (registered number 06432610), a private limited company incorporated under the laws of England and Wales whose registered office is at 1 Bartholomew Lane, London EC2N 2AX (in its capacity as **Funding 1** and a **Beneficiary**); and
- (3) **LANGTON MORTGAGES TRUSTEE (UK) LIMITED** (registered number 07210539) a private limited company incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Mortgages Trustee**),

and together, the **Parties**.

WHEREAS:

- (A) On 23 December 2011, the parties hereto (other than: (i) Santander UK which has replaced Alliance & Leicester in its former roles as, among others, Mortgages Trustee Account Bank and Cash Manager and (ii) Langton Mortgages Trustee (UK) Limited, which replaced Langton Mortgages Trustee Limited as trustee of the Mortgages Trust pursuant to the Supplemental Mortgages Trust Deed) agreed to amend the terms of the Mortgages Trust Deed dated 25 January 2008 (as the same may be amended, and restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties thereto, including without limitation on 1 October 2010, 23 March 2011, 23 December 2011, 8 June 2012, 29 April 2016 and 29 May 2019 as set out in the amended and restated Mortgages Trust Deed of the same date (the **Existing Mortgages Trust Deed**). The parties hereto have agreed to amend and restate the terms of the Existing Mortgages Trust Deed on the terms set out herein.
- (B) Langton Mortgages Trustee Limited agreed to hold the Trust Property as bare trustee initially for the Seller and Funding 1 (the **Beneficiaries**) pursuant to the terms of the Existing Mortgages Trust Deed. Langton Mortgages Trustee (UK) Limited has agreed to hold the Trust Property as bare trustee initially for the Beneficiaries and from time to time to hold the Trust Property also on trust as bare trustee for the Beneficiaries and any Further Funding Company that accedes as a New Beneficiary to this Deed upon, with and subject to the trusts, powers and provisions of this Deed (as it may be amended, restated, varied, supplemented, replaced and/or novated from time to time).
- (C) The Seller carries on the business of, *inter alia*, originating residential mortgage loans to Borrowers in England, Wales, Scotland and Northern Ireland and of managing and administering such mortgage loans. The Seller (or its predecessor) has sold and assigned the Initial Portfolio, the First New Portfolio, the Second New Portfolio, the Third New Portfolio, the Fourth New Portfolio, the Fifth New Portfolio and the Sixth New Portfolio and (from time to time) intends to sell and assign New Portfolios to the Mortgages Trustee pursuant to the terms of the Mortgage Sale Agreement. The Initial Portfolio, the First New Portfolio, the Second New Portfolio, the Third New Portfolio, the Fourth New Portfolio, the Fifth New Portfolio and the Sixth New Portfolio are, and any New Portfolios, shall be, held by the Mortgages Trustee (in relation to Scottish Loans, in its capacity as beneficiary under a Scottish Declaration of Trust) on trust for the Beneficiaries upon, with and subject to the trusts, powers and provisions of this Deed (as it may be amended, restated, varied, supplemented, replaced and/or novated from time to time).

- (D) Pursuant to a supplement to the Mortgages Trust Deed dated 29 April 2016 entered into by the parties hereto and Langton Mortgages Trustee Limited as mortgages trustee, Langton Mortgages Trustee (UK) Limited was appointed in place of Langton Mortgages Trustee Limited as trustee of the Mortgages Trust and the Trust Property vested in Langton Mortgages Trustee (UK) Limited as Mortgages Trustee. Also pursuant to this supplement, Mourant & Co. Trustees Limited was previously a party to the Mortgages Trust Deed but was removed on and from 29 April 2016.

NOW THIS DEED WITNESSES:

1. DEFINITIONS AND CONSTRUCTION

- 1.1 The master definitions and construction schedule signed by, amongst others, the parties to this Deed (other than: (i) Santander UK which has replaced Alliance & Leicester in its former roles as, among others, Mortgages Trustee Account Bank and Cash Manager and (ii) Langton Mortgages Trustee (UK) Limited, which replaced Langton Mortgages Trustee Limited as trustee of the Mortgages Trust pursuant to the Supplemental Mortgages Trust Deed) and dated 25 January 2008 (the **Initial Closing Date**), as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties to this Deed, including, without limitation, on 5 March 2008, 17 June 2008, 23 November 2009, 27 May 2010, 1 October 2010, 23 March 2011, 23 December 2011, 8 June 2012, 29 April 2016, 29 May 2019 and 30 April 2020 (the **Master Definitions and Construction Schedule**), is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule (as so amended, restated, varied supplemented, replaced and/or novated from time to time) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the Recitals hereto and this Deed shall be construed in accordance with the interpretation provisions set out in clause 3 (Interpretation and Construction) of the Master Definitions and Construction Schedule.
- 1.2 The parties hereto have agreed to amend and restate the terms of the Existing Mortgages Trust Deed on the terms set out herein effective as of 30 April 2020 (the **Effective Date**). As of the Effective Date, any future rights or obligations (excluding, for the avoidance of doubt, such rights and obligations accrued to the Effective Date) of a party under the Existing Mortgages Trust Deed shall be extinguished and shall instead be governed by this Deed.

2. CREATION OF MORTGAGES TRUST

2.1 Initial Closing Trust Property

- (a) Pursuant to the provisions of the Mortgage Sale Agreement, the Seller assigned the Initial Closing Trust Property to the Mortgages Trustee on the Initial Closing Date.
- (b) It is hereby acknowledged and agreed that Further Funding Companies may accede to this Deed in the manner set out in Clause 17 (New Beneficiary of the Mortgages Trust) and, upon satisfaction of the conditions precedent set out in Clause 3 (Conditions Precedent) and Clause 7 (Increasing the Shares of the Funding Companies), may acquire an interest in the trust and become a Beneficiary of the trust settled hereby.

2.2 Future Trust Property

From time to time and pursuant to the Mortgage Sale Agreement, the Seller has assigned and intends to assign the Future Trust Property to the Mortgages Trustee, including the First New Portfolio, the Second New Portfolio, the Third New Portfolio, the Fourth New Portfolio, the Fifth New Portfolio and the Sixth New Portfolio on the First New Portfolio Sale Date, the Second New Portfolio Sale

Date, the Third New Portfolio Sale Date, the Fourth New Portfolio Sale Date, the Fifth New Portfolio Sale Date and the Sixth New Portfolio Sale Date, respectively.

2.3 Other Trust Property

The Trust Property shall also include (without double counting):

- (a) any increase in the Current Balance of the Loans in the Portfolio due to Borrowers making Underpayments or Cash Withdrawals or taking Payment Holidays under any Flexible Loan or taking Extraordinary Payment Holidays under any Loan (where some or all of the Extraordinary Payment Holiday Amount is capitalised) or being granted any Further Advances (for the avoidance of doubt, in the case of Excluded Further Advances or Further Advances otherwise repurchased pursuant to the terms of the Mortgage Sale Agreement, until so repurchased) or due to any Capitalised Arrears or due to Accrued Interest and other amounts In Arrears relating to that Loan from time to time;
- (b) any Revenue Receipts and Principal Receipts on the Loans in the Portfolio;
- (c) any consideration provided to the Mortgages Trustee in the form of Contributions in accordance with Clause 4 (Consideration), until such Contributions have ceased to be Trust Property having been applied by the Mortgages Trustee in accordance with the terms of this Deed;
- (d) any other amounts received under or in respect of the Loans and their Related Security on or after the relevant Sale Date (excluding Third Party Amounts), the proceeds of any sale of the Loans and their Related Security and any other proceeds of sale of any other Trust Property;
- (e) any Authorised Investments made by or on behalf of the Mortgages Trustee from time to time (and income earned on those investments);
- (f) rights under the insurance policies that are assigned to the Mortgages Trustee or which the Mortgages Trustee has the benefit of;
- (g) amounts on deposit (and interest earned on those amounts) in all Mortgages Trustee Bank Accounts including any Mortgage Trustee Bank Account which is established after the date hereof; and
- (h) any other property representing (a) to (g) above from time to time.

2.4 Trust Property

- 2.5 Subject to Clause 3 (Conditions Precedent), the Mortgages Trustee shall hold the Trust Property as to both capital and income on trust absolutely for Funding 1 (as to the Funding 1 Share and as to the allocations to Funding 1 of the Mortgages Trust Available Revenue Receipts), each Further Funding Company (each as to its respective Further Funding Company Share and as to the allocations to that Further Funding Company of Mortgages Trust Available Revenue Receipts) following the accession of such Further Funding Company to this Deed and the Seller (as to the Seller Share and as to the allocations to the Seller of Mortgages Trust Available Revenue Receipts), as beneficial tenants in common upon, with and subject to all the trusts, powers and provisions of this Deed and to be allocated and distributed in accordance with Clause 13 (Allocation and Distribution of Revenue Receipts) (in the case of Mortgages Trust Available Revenue Receipts) and Clause 14 (Allocation and Distribution of Principal Receipts) (in the case of Mortgages Trust Available Principal Receipts).

3. CONDITIONS PRECEDENT

3.1 The Initial Closing Trust Property is held by the Mortgages Trustee on the Mortgages Trust following the satisfaction of certain conditions precedent on the Initial Closing Date, including:

- (a) due execution and delivery of the Mortgage Sale Agreement by all parties to it;
- (b) due execution and delivery of this Deed by all parties to it;
- (c) the satisfaction or waiver in accordance with the terms of the Mortgage Sale Agreement of the conditions to the sale of the Initial Portfolio as set out in clause 2 (Sale and Purchase of Initial Portfolio) and clause 3 (Initial Closing Date) of the Mortgage Sale Agreement;
- (d) the payment by Funding 1 to the Mortgages Trustee of the Initial Contribution in accordance with Clause 4.2(a)(i) (Consideration provided by Funding 1); and
- (e) the payment by the Mortgages Trustee to the Seller of the Initial Purchase Price for the sale to the Mortgages Trustee of the Initial Portfolio.

3.2 Any Future Trust Property shall be held by the Mortgages Trustee on the Mortgages Trust subject to satisfaction or waiver in accordance with the terms of the Mortgage Sale Agreement of the conditions set out in clause 4.1 (Sale and Purchase of New Portfolios, Product Switches and Further Advances) of the Mortgage Sale Agreement for the sale of New Loans and their New Related Security to the Mortgages Trustee.

3.3 The requirement for the Mortgages Trustee to hold the Trust Property on trust for any Further Funding Company shall be subject to and conditional upon the acquisition by that Funding Company of a portion of the Seller's beneficial interest in the Mortgages Trust in accordance with the terms of this Deed.

4. CONSIDERATION

4.1 Consideration provided by Seller

The consideration provided or to be provided by the Seller for its interest in the Trust Property consisted or shall consist of:

- (a) on the Initial Closing Date, the difference between the Outstanding Principal Balance of the Initial Portfolio sold by the Seller to the Mortgages Trustee and the Initial Purchase Price paid in respect thereof by the Mortgages Trustee;
- (b) on each Sale Date after the Initial Closing Date (including the First New Portfolio Sale Date, the Second New Portfolio Sale Date, the Third New Portfolio Sale Date, the Fourth New Portfolio Sale Date, the Fifth New Portfolio Sale Date and the Sixth New Portfolio Sale Date), the difference between the Outstanding Principal Balance of the New Portfolio sold by the Seller to the Mortgages Trustee on that date (including the First New Portfolio, the Second New Portfolio, the Third New Portfolio, the Fourth New Portfolio, the Fifth New Portfolio and the Sixth New Portfolio) and the Initial Purchase Price paid by the Mortgages Trustee to the Seller in respect thereof;
- (c) on each date that the Seller makes a Seller Contribution to the Mortgages Trustee in accordance with Clause 6.2 (Overpayments, Underpayments and Payment Holidays), the amount of that Seller Contribution; and

- (d) on each date that the Seller makes a Refinancing Contribution to the Mortgages Trustee in accordance with Clause 5.2 (Refinancing Contributions and Seller Contributions), the amount of that Refinancing Contribution.

4.2 Consideration provided by Funding 1

- (a) The consideration provided or to be provided by Funding 1 for its interest in the Trust Property acquired on the Initial Closing Date consisted or shall consist of:
 - (i) the Initial Contribution in the amount of £2,585,000,000 paid by Funding 1 to the Mortgages Trustee on the Initial Closing Date and applied by the Mortgages Trustee by paying it to the Seller on such date in accordance with the terms of the Mortgage Sale Agreement and Clause 5.1(a) (Contributions from the Funding Companies); and
 - (ii) on each relevant Deferred Distribution Date thereafter, the Deferred Contributions paid or to be paid by Funding 1 to the Mortgages Trustee to be applied by the Mortgages Trustee by paying it to the Seller in accordance with the terms of the Mortgage Sale Agreement and Clause 5.1(b).
- (b) Subject to Clause 7 (Increasing the Shares of the Funding Companies), the consideration provided or to be provided by Funding 1 for any increase in its interest in the Trust Property after the Initial Closing Date consisted or shall consist of:
 - (i) the amount of any Initial Contribution paid by Funding 1 to the Mortgages Trustee, which should be applied in accordance with the Mortgage Sale Agreement;
 - (ii) the amount of any Further Contribution paid by Funding 1 to the Mortgages Trustee; and
 - (iii) the amount of any Refinancing Contribution paid by Funding 1 to the Mortgages Trustee.
- (c) From time to time Funding 1 may pay Deferred Contributions to the Mortgages Trustee. Any Deferred Contributions so paid by Funding 1 shall not increase the Funding 1 Share, but shall be applied in accordance with the Mortgage Sale Agreement.

4.3 Consideration provided by a Further Funding Company

- (a) A Further Funding Company, in its capacity as a Beneficiary shall, upon accession to this Deed and subject to the satisfaction or waiver of the conditions precedent set out in Clause 3 (Conditions Precedent) and Clause 7 (Increasing the Shares of the Funding Companies), provide consideration to the Mortgages Trustee for its interest in the Trust Property, which shall consist of:
 - (i) the Initial Contribution and/or, as applicable, the Further Contribution to be paid by the relevant Further Funding Company to the Mortgages Trustee on the date of accession of such Further Funding Company to the Mortgages Trust Deed to be applied by the Mortgages Trustee by paying it to the Seller on such date in accordance with the terms of the Mortgage Sale Agreement (if applicable) and Clause 5.1(a) (Contributions from the Funding Companies); and
 - (ii) on each relevant Deferred Distribution Date thereafter, the Deferred Contributions paid by the relevant Further Funding Company to the Mortgages Trustee to be applied by the Mortgages Trustee by paying it to the Seller in accordance with the terms of the Mortgage Sale Agreement and Clause 5.1(b) (Contributions from the Funding Companies);

- (b) Subject to Clause 7 (Increasing the Shares of the Funding Companies), the consideration payable by a Further Funding Company for any increase in such Further Funding Company Share after the relevant Funding Company Initial Closing Date shall consist of:
 - (i) the amount of any Initial Contribution paid by such Further Funding Company to the Mortgages Trustee, which should be applied in accordance with the Mortgage Sale Agreement;
 - (ii) the amount of any Further Contribution paid by such Further Funding Company to the Mortgages Trustee; and
 - (iii) the amount of any Refinancing Contribution paid by such Further Funding Company to the Mortgages Trustee.
- (c) From time to time a Further Funding Company may pay Deferred Contributions to the Mortgages Trustee. Any Deferred Contributions so paid by a Further Funding Company shall not increase the Further Funding Company Share, but shall be applied in accordance with the Mortgage Sale Agreement.

5. APPLICATION OF CONTRIBUTIONS BY THE MORTGAGES TRUSTEE

5.1 Contributions from the Funding Companies

- (a) If the Mortgages Trustee receives any Initial Contribution from a Funding Company on a Sale Date (as defined below), the parties hereto direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall (or shall cause the Cash Manager on its behalf to), pay such funds to the Seller on such Sale Date in satisfaction of the Mortgages Trustee's obligation to make payment of the Initial Purchase Price in respect of any Loans and their Related Security to be sold to the Mortgages Trustee by the Seller pursuant to the Mortgage Sale Agreement on such Sale Date. Upon receipt of any Initial Contribution, the Mortgages Trustee will forthwith apply the same to pay the Initial Purchase Price to the Seller.
- (b) If the Mortgages Trustee receives any Deferred Contributions from a Funding Company, the parties hereto direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall (or shall cause the Cash Manager on its behalf to), pay such funds to the Seller on the relevant Deferred Distribution Date in satisfaction of the Mortgages Trustee's obligation to make payment of the Deferred Purchase Price to the Seller pursuant to the Mortgage Sale Agreement.
- (c) If the Mortgages Trustee receives a Further Contribution from a Funding Company (except for a Refinancing Contribution) on a Further Contribution Date, the parties hereto direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall (or shall cause the Cash Manager on its behalf to), apply and pay the same to the Seller on such Further Contribution Date as a Special Distribution to reduce the Seller Share as set out in Clause 7.1(g) (Increasing the Shares of the Funding Companies).

5.2 Refinancing Contributions and Seller Contributions

- (a) If the Mortgages Trustee receives a Refinancing Contribution from any Beneficiary on a Further Contribution Date (as defined below), the parties hereto direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall (or shall cause the Cash Manager on its behalf to) pay such funds to the Recipient Funding Company (as defined below) as a Refinancing Distribution on such Further Contribution Date and in the manner

provided in Clauses 8 (Refinancing of Funding Companies) to reduce the Recipient Funding Company Share as set out in Clause 9 (Calculation of Adjustment of Shares).

- (b) If the Mortgages Trustee receives a Seller Contribution from the Seller, the parties hereto direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall (or shall cause the Cash Manager on its behalf to), treat such Seller Contribution in accordance with Clauses 6.2 (Overpayments, Underpayments and Payment Holidays) and 9 (Calculation of Adjustment of Shares).
- (c) Notwithstanding paragraphs (a) and (b) above, if the Mortgages Trustee receives a Seller Contribution from the Seller for the specified purpose of enabling Funding 1 to repay all or part of the Funding 1 Loan, then the amount of the Losses (including any Funding 1 Loan Losses) allocated to Funding 1 recorded in the Funding 1 Principal Deficiency Ledger shall be reallocated to the Seller in proportion to the amount of the Funding 1 Loan to be repaid (and the Seller Share shall be reduced by such amount), the Funding 1 Share shall be increased by such amount and the Funding 1 Principal Deficiency Ledger shall be updated accordingly.

6. ADDITIONS TO AND REDUCTIONS IN THE TRUST PROPERTY

6.1 Cash Withdrawals and Further Advances

Any Cash Withdrawal or Further Advance made to a Borrower which is funded by the Seller in accordance with clause 2.3 of the Mortgage Sale Agreement, shall:

- (a) increase the Current Balance of the relevant Loan by a corresponding amount with effect from the day following the date that the Cash Withdrawal or Further Advance is made or granted (for the avoidance of doubt, in the case of Excluded Further Advances or Further Advances otherwise repurchased pursuant to the terms of the Mortgage Sale Agreement, until so repurchased); and
- (b) increase the Seller Share by a corresponding amount with effect from the date specified in Clause 9 (Calculation of Adjustment of Shares).

6.2 Overpayments, Underpayments and Payment Holidays

- (a) If, in respect of any Flexible Loan comprised in part of the Trust Property, the relevant Borrower makes an Overpayment, then such Overpayment shall be deemed to be a Principal Receipt in respect of the relevant Loan and shall be distributed to the Beneficiaries in accordance with Clause 14 (Allocation and Distribution of Principal Receipts). The Current Balance of the relevant Loan shall be reduced by the amount of such Overpayment with effect from the day following the date of payment thereof.
- (b)
 - (i) If, in respect of any Flexible Loan comprised in part of the Trust Property, the relevant Borrower exercises a right to make an Underpayment or take a Payment Holiday, then such Underpayment or Payment Holiday will increase the Current Balance of the relevant Loan with effect from the following day by an amount equal to the amount of interest not paid on the relevant Loan in the month during which such Underpayment or Payment Holiday option is exercised.
 - (ii) If, in respect of any Loan comprising part of the Trust Property, the Seller, by arrangement with the relevant Borrower, agrees to capitalise all or any part of an Extraordinary Payment Holiday Amount in respect of any Trust Calculation Period, then (A) the Current Balance of the relevant Loan will increase by such capitalised

amount with effect from the following day and (B) (other than in relation to all or any part of an Extraordinary Payment Holiday Amount to which an Extraordinary Payment Holiday Shortfall Amount applied, that is capitalised, to which paragraph (c) applies) the Seller Share shall increase by a corresponding amount with effect from the date specified in Clause 9 (Calculation of Adjustment of Shares).

- (c) Prior to an Insolvency Event occurring in respect of the Seller, the Seller shall make a Seller Contribution to the Mortgages Trustee in an amount equal to:
- (i) the unpaid interest element otherwise due under any Flexible Loan which is subject to an authorised Underpayment or Payment Holiday; and
 - (ii) all or any part of an Extraordinary Payment Holiday Amount to which an Extraordinary Payment Holiday Shortfall Amount applied (in respect of any Trust Calculation Period) that is capitalised.

Payment of any Seller Contribution to the Mortgages Trustee will be a Revenue Receipt in respect of the relevant Loan and the Seller Share shall increase by a corresponding amount with effect from the date specified in Clause 9 (Calculation of Adjustment of Shares).

- (d) If an Insolvency Event occurs in respect of the Seller, then the Seller may make a Seller Contribution in the same manner as is contemplated in paragraph (c) above, but it is not obliged to do so.
- (e) If the Seller ceases to make or otherwise fails to make Seller Contributions at any time, any increase in the Current Balance of a Loan in the circumstances set out in this Clause 6.2 (Overpayments, Underpayments and Payment Holidays) shall be allocated to each of the Beneficiaries *pro rata* according to their current respective Shares.

7. INCREASING THE SHARES OF THE FUNDING COMPANIES

7.1 Conditions precedent

Subject as provided below, a Funding Company may make Initial Contributions, Further Contributions or Refinancing Contributions only if the following conditions precedent are satisfied:

- (a) no deficiency is recorded on the principal deficiency ledger of the Issuer or the comparable principal deficiency ledger of any New Issuer or any principal deficiency ledger established by any Further Funding Company as at the relevant Sale Date or Further Contribution Date (as applicable);
- (b) no event of default under the Transaction Documents or the transaction documents relating to any Further Funding Company has occurred which is continuing or unwaived as at the relevant Sale Date or Further Contribution Date (as applicable);
- (c) in respect of any Initial Contributions or Further Contributions (which are not Refinancing Contributions), each of the Rating Agencies have confirmed that the proposed increase in the Funding 1 Share or the share of any Further Funding Company as a result of making the relevant Contribution would not cause the then current ratings of any Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding to be downgraded, withdrawn or qualified (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation);
- (d) the relevant Funding Company has the moneys available to make the relevant Contribution;

- (e) in respect of any increase in the Funding 1 Share:
 - (i) Funding 1 has entered into, if necessary, a New Funding 1 Start-Up Loan, a New Intercompany Loan and a New Funding 1 Swap;
 - (ii) adjustments have been made, if necessary, to the Funding 1 Reserve Fund; and
 - (iii) Funding 1 has entered into such other documents or agreements as may otherwise be determined by it to be necessary or desirable in connection with the proposed increase in the Funding 1 Share;
- (f) in respect of any increase in the share of any Further Funding Company:
 - (i) all necessary hedging arrangements, liquidity arrangements, subordinated loans and/or other forms of credit enhancement have been entered into or, as the case may be, adjusted; and
 - (ii) the relevant Further Funding Company has entered into such other documents or agreements as may otherwise be determined by it to be necessary or desirable in connection with the proposed increase in that Further Funding Company Share;
- (g) in respect of any Special Distribution to be made to the Seller in consideration of a corresponding decrease in the Seller Share, the Seller has delivered a solvency certificate (executed by an authorised signatory of the Seller) in form and content acceptable to the Mortgages Trustee, the relevant Funding Company that funded the corresponding Further Contribution, (in respect of Funding 1) the Funding 1 Security Trustee and (in respect of each Further Funding Company) the respective Further Funding Security Trustees;
- (h) as of the last day of the immediately preceding Trust Calculation Period, the aggregate Current Balance of Loans comprising the Trust Property, in respect of which the aggregate amount In Arrears is more than three times the Monthly Payment then due, is less than 4% of the aggregate Current Balance of all Loans in the Trust Property as of such date, unless the Rating Agencies have confirmed that the then current ratings of any Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding will not be downgraded, withdrawn or qualified as a result of any increase in, as applicable, the Funding 1 Share or any Further Funding Company Share (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time);
- (i) the Seller has not received written notice that the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Seller are not rated at least P-2 by Moody's and the short-term issuer default rating assigned to the Seller by Fitch is less than F2 at the time of, and immediately following, the payment made by Funding 1 on the relevant date; and
- (j) in respect of any Issuer, the relevant Issuer Reserve Fund has not been debited on or before the relevant date for the purposes of curing a Principal Deficiency in respect of the Notes in circumstances where the relevant Issuer Reserve Fund has not been replenished by a corresponding amount by the relevant date,

PROVIDED THAT Funding 1 may not make a Further Contribution, a Refinancing Contribution or an Initial Contribution to the Mortgages Trustee if, as at the relevant date of making such Contribution, the Step-up Date in respect of any class of Notes of the Issuer or any New Issuer has been reached and the Issuer or any New Issuer (as applicable) that issued that class of Notes has not exercised its option to redeem that class of Notes as at the relevant date in accordance with the terms

and conditions of that class of Notes. For the avoidance of doubt, this prohibition on Funding 1 making Further Contributions, Refinancing Contributions and Initial Contributions shall remain in effect only for so long as any such class of Notes remains outstanding and, upon, its redemption, Funding 1 may again make such Contributions to the Mortgages Trustee.

Notwithstanding the foregoing, the conditions set out in this Clause 7 shall not apply in respect of any Initial Contribution or Further Contribution made by Funding 1 from the proceeds of a drawdown under the Funding 1 Loan provided always that such Initial Contributions or Further Contributions shall not have the effect of causing the Seller to be in breach of the obligation in Clause 12.4.

8. REFINANCING OF FUNDING COMPANIES

8.1 Refinancing Contributions

- (a) For so long as the Issuer Intercompany Loan or any New Intercompany Loan remains outstanding, a Beneficiary may at any time, subject to the provisions set out below, make a Refinancing Contribution to the Mortgages Trustee which shall be applied by the Mortgages Trustee to make a Refinancing Distribution to the Recipient Funding Company which the Recipient Funding Company shall apply to repay the Issuer Intercompany Loan or any New Intercompany Loan (as applicable) in whole or in part. For so long as the Funding 1 Loan remains outstanding, the Seller (as Beneficiary) may at any time make a Funding 1 Loan Refinancing Contribution to the Mortgages Trustee which shall be applied by the Mortgages Trustee to make a Funding 1 Loan Refinancing Distribution to Funding 1 which Funding 1 hereby undertakes to apply to repay or prepay the Funding 1 Loan in whole or in part.
- (b) If a Beneficiary intends to make a Refinancing Contribution it shall notify in writing the Mortgages Trustee, the Recipient Funding Company and (if the Recipient Funding Company would be Funding 1) the Funding 1 Security Trustee and (if the Recipient Funding Company would be any Further Funding Company) the relevant Further Funding Security Trustee at least 5 Business Days (or in the case of a Funding 1 Loan Contribution such shorter prior notice as the Seller may deem necessary) prior to the proposed date on which the Refinancing Contribution would be made (the **Refinancing Notice**). In respect of any Refinancing Contribution (including any Funding 1 Loan Refinancing Contribution), the Beneficiary shall specify in the Refinancing Notice (i) the Funding Company or Funding Companies designated by the Beneficiary making the Refinancing Contribution that will receive a Refinancing Distribution from the Mortgages Trustee (each a **Recipient Funding Company**), (ii) the amount of the Refinancing Contribution and the corresponding Refinancing Distribution to be made to the Recipient Funding Company and (iii) the applicable date on which the Refinancing Contribution will be made.
- (c) Save in respect of a Funding 1 Loan Refinancing Distribution, a Refinancing Distribution shall not be made to a Recipient Funding Company unless:
 - (i) the Recipient Funding Company indicates in writing to the relevant Beneficiary (copied to the Mortgages Trustee) within 3 Business Days of receipt of the Refinancing Notice that the Recipient Funding Company accepts the proposed Refinancing Distribution; and
 - (ii) the conditions precedent set out in Clauses 7.1 (Conditions precedent) and 8.2 (Conditions precedent) are satisfied (as applicable).
- (d) If the conditions set out in Clauses 8.1(a) to (c) (Refinancing Contributions) are satisfied, then the relevant Beneficiary shall pay the Refinancing Contribution to the Mortgages

Trustee by wire transfer (or as otherwise directed by the Mortgages Trustee) no later than 11:00 a.m. on the Further Contribution Date specified in the Refinancing Notice (whether or not such date is a Distribution Date). Upon receipt of the Refinancing Contribution, the Mortgages Trustee shall forthwith pay the Refinancing Distribution to the relevant account of the Recipient Funding Company (in the case of Funding 1, to the Funding 1 GIC Account) on such Further Contribution Date.

- (e) If the conditions set out in Clause 8.1(b) (Refinancing Contributions) are not satisfied, then the Beneficiary intending to make the Refinancing Contribution shall apply the moneys as otherwise permitted by the terms of (in respect of Funding 1) the Funding 1 Agreements or (in respect of any Further Funding Company) the Transaction Documents applicable to it.
- (f) A Refinancing Contribution shall not, under any circumstances, exceed the aggregate principal amount of all debt obligations of a Recipient Funding Company then outstanding.

8.2 Conditions precedent

- (a) Subject to the proviso in Clause 8.1(c)(ii) (Refinancing Contributions) above, Funding 1 (but, for the avoidance of doubt, no other Funding Company) may agree to accept a Refinancing Distribution only if, immediately prior to receiving any Refinancing Distribution, Funding 1 delivers a solvency certificate, executed by an authorised signatory of Funding 1, to the Mortgages Trustee, the Beneficiary making the corresponding Refinancing Contribution and the Funding 1 Security Trustee, in form and content acceptable to the Funding 1 Security Trustee.
- (b) If any Further Funding Company enters into New Loan Tranches that would have the effect of extending the Funding 1 Cash Accumulation Period in respect of any Cash Accumulation Loan Tranche that is, as at the date that such New Loan Tranche is entered into, in a Cash Accumulation Period or which would, as a result of the issue of that New Loan Tranche, be in a Cash Accumulation Period (each an **affected Cash Accumulation Loan Tranche**), then the proceeds of such New Loan Tranche must be applied to make a Refinancing Contribution to the Mortgages Trustee in an amount equal to the lesser of (i) the aggregate Cash Accumulation Requirement of Funding 1 in respect of each affected Cash Accumulation Loan Tranche and (ii) the net proceeds of the New Intercompany Loan to be made to such further Funding company. The Mortgages Trustee shall apply the proceeds of such Refinancing Contribution to make a Refinancing Distribution to Funding 1 on such date and in such amount.

8.3 Conditions subsequent

As at the date of this Deed, this Clause 8.3 (Conditions subsequent) only applies to Funding 1.

- (a) Unless Clause 8.3(b) below (Conditions subsequent) applies, upon receipt of a Refinancing Distribution from the Mortgages Trustee, Funding 1 shall apply the proceeds thereof in accordance with the relevant Funding 1 Pre-Enforcement Principal Priority of Payments on the next Funding 1 Interest Payment Date.
- (b) If the Refinancing Distribution would be received by Funding 1, then Funding 1 shall:
 - (i) except in the case of a Funding 1 Loan Refinancing Distribution, apply the proceeds thereof on the next Funding 1 Interest Payment Date to repay in whole or in part only the Loan Tranches under any New Intercompany Loan previously designated by the Seller in the Refinancing Notice;

- (ii) prior to the application under subparagraph (i) above, obtain written confirmation from the Issuer and any relevant New Issuer(s) (if any) that the Issuer and any relevant New Issuer(s) (if any) will use the proceeds of the relevant payment to repay the corresponding classes of Notes of the Issuer and any relevant New Issuer(s); and
- (iii) in the case of a Funding 1 Loan Refinancing Distribution, apply the proceeds thereof, on the Funding 1 Interest Payment Date immediately following the Further Contribution Date on which such amounts are received by Funding 1, to repay or prepay in whole or in part the Funding 1 Loan.

9. CALCULATION OF ADJUSTMENT OF SHARES

In making the relevant calculations on each Trust Calculation Date (or Interim Trust Calculation Date, as applicable) and making the distributions to the Beneficiaries, the Mortgages Trustee, or the Cash Manager on its behalf, will take account of and make adjustments for such calculations and distributions in order that:

- (a) subject as provided in subparagraphs (b) to (g) below, payment by any Beneficiary of a Contribution (excluding a Deferred Contribution) shall increase that Beneficiary's Share by a corresponding amount. Any such increase will be calculated on and take effect from and including the relevant Sale Date or Further Contribution Date;
- (b) any consideration provided by the Seller in accordance with Clauses 4.1(a) (Consideration provided by Seller) and 4.1(b) shall increase the Seller Share by a corresponding amount. Any such increase will be calculated on and take effect from and including the relevant Sale Date;
- (c) any Cash Withdrawal or Further Advance funded in accordance with Clause 6.1 (Cash Withdrawals and Further Advances) shall increase the Seller Share by a corresponding amount (for the avoidance of doubt, in the case of Excluded Further Advances or Further Advances otherwise repurchased pursuant to the terms of the Mortgage Sale Agreement, until so repurchased). Any such increase will take effect from the start of the next Trust Calculation Period commencing on the first day of the calendar month immediately following the date of such Cash Withdrawal or Further Advance (for the avoidance of doubt, in the case of Excluded Further Advances or Further Advances otherwise repurchased pursuant to the terms of the Mortgage Sale Agreement, until so repurchased) but will be as calculated on the Trust Calculation Date occurring on the first Business Day in such Trust Calculation Period;
- (d) any Extraordinary Payment Holiday Amount that is capitalised (other than any Extraordinary Payment Holiday Shortfall Amount that is capitalised) shall increase the Seller Share by a corresponding amount in accordance with Clause 6.2(b)(ii). Any such increase will take effect from the start of the next Trust Calculation Period commencing on the first day of the calendar month immediately following the date such amount is capitalised but will be as calculated on the Trust Calculation Date occurring on the first Business Day in such Trust Calculation Period;
- (e) any Seller Contribution shall increase the Seller Share by a corresponding amount. Any such increase will take effect from the relevant Further Contribution Date, except for the purposes of Clause 11.4 (Weighted Average Funding 1 Share);

- (f) payment of any Special Distribution to the Seller shall decrease the Seller Share by a corresponding amount. Any such decrease will be calculated on and take effect from the Further Contribution Date on which such Special Distribution is paid to the Seller; and
- (g) payment of any Refinancing Distribution to a Funding Company or other distribution to a Beneficiary shall decrease the Share of the Recipient Funding Company by a corresponding amount. Any such decrease will be calculated on and take effect from the Further Contribution Date or other date on which such Refinancing Distribution or other distribution is paid to the Recipient Funding Company or the Seller (as applicable).

Each Beneficiary acknowledges and agrees to each of the adjustments to a Beneficiary's Share as a result of the application of the above provisions.

10. INITIAL FUNDING COMPANY SHARES AND INITIAL SELLER SHARE

10.1 Initial Funding 1 Share

The **Initial Funding 1 Share** was £1,843,700,000 as at the Initial Closing Date following the transfer of the Initial Portfolio to the Mortgages Trustee. The **Initial Funding 1 Share Percentage** on the Initial Closing Date was the Initial Funding 1 Share expressed as a percentage of the Aggregate Principal Balance of the Loans comprising the Initial Closing Trust Property (after the Initial Closing Trust Property had been transferred to the Mortgages Trustee on the Initial Closing Date), which was notified in writing by the Mortgages Trustee to Funding 1 and the other Beneficiaries immediately thereafter.

10.2 Initial Seller Share

The **Initial Seller Share** on the Initial Closing Date (after the Initial Closing Trust Property had been transferred to the Mortgages Trustee on the Initial Closing Date) was the Aggregate Principal Balance of the Loans comprising the Initial Closing Trust Property minus the Initial Funding 1 Share as at that date. The **Initial Seller Share Percentage** on the Initial Closing Date was the Initial Seller Share on the Initial Closing Date expressed as a percentage of the Aggregate Principal Balance of the Loans comprising the Initial Closing Trust Property. The amount of the Initial Seller Share and the Initial Seller Share Percentage on the Initial Closing Date was notified in writing by the Mortgages Trustee to the Seller and the other Beneficiaries immediately thereafter.

11. ADJUSTMENT OF SHARES AND SHARE PERCENTAGES OF BENEFICIARIES

11.1 Dates for Calculations and Distributions

- (a) On each of the following dates excluding, for the avoidance of doubt, the Initial Closing Date, the then current Share and Share Percentages of each of the Beneficiaries in the Trust Property will be calculated by the Cash Manager (on behalf of the Mortgages Trustee and the Beneficiaries) based on the aggregate Current Balance of the Loans comprised in the Trust Property (taking into account the amounts and adjustments from time to time as provided herein) as at the close of business on the last day of the immediately preceding Calculation Period or, as the case may be, Interim Trust Calculation Period:
- (i) on the Initial Closing Date, the London Business Day following the last day of each calendar month and the day on which the Mortgages Trust is terminated (each such date a **Trust Calculation Date**). The period from (and including) the first day of each calendar month (or, as applicable, the Initial Closing Date) to (and including) the last day of that calendar month or, as applicable, the date of termination of the Mortgages Trust shall be a **Trust Calculation Period**;

- (ii) on each Sale Date under the Mortgage Sale Agreement; and
 - (iii) on the day on which any of the Beneficiaries makes a Further Contribution (excluding a Seller Contribution) to the Mortgages Trust and/or a Further Funding Company becomes a Beneficiary (each such date, a **Further Contribution Date**).
- (b) When the Cash Manager recalculates the relevant Shares and Share Percentages of each Beneficiary on a Trust Calculation Date, that recalculation will apply for the then current Trust Calculation Period (commencing on the first day of the calendar month in which such Trust Calculation Date occurs). However, if during such Trust Calculation Period the Seller sells New Loans to the Mortgages Trustee pursuant to the Mortgage Sale Agreement or a Further Contribution (excluding any Seller Contribution) is made by a Beneficiary under the terms hereof, the recalculation made by the Cash Manager on that Sale Date or Further Contribution Date (as applicable) (each, an **Interim Trust Calculation Date**) will only apply from (and including) that Sale Date or Further Contribution Date to (and including in the case of (a) and excluding in the case of (b)) the earlier to occur of (a) the end of that then current Trust Calculation Period and (b) the next occurring Sale Date and Further Contribution Date (which shall be (a), in the case that (a) and (b) occur on the same date). The portion of a Trust Calculation Period that is less than a full Trust Calculation Period is called an **Interim Trust Calculation Period**.
- (c) On each Distribution Date, the Mortgages Trustee will distribute Principal Receipts and Revenue Receipts according to the Share Percentage of each Beneficiary in the Trust Property in accordance with Clauses 12.4 (Minimum Seller Share Requirement) and Clause 14 (Allocation and Distribution of Principal Receipts) hereof.

11.2 Funding 1 Share Percentage

- (a) On each Trust Calculation Date (the **Relevant Trust Calculation Date**), the Funding 1 Share Percentage will be recalculated and the recalculated amount will take effect for the then current Trust Calculation Period or the relevant Interim Trust Calculation Period. The **Funding 1 Share Percentage** will be an amount, expressed as a percentage (calculated to an accuracy of five decimal places (rounded upwards)), equal to:

$$\frac{(A - B - C + D + E + F)}{G} \times 100$$

where,

- A = the amount of the Funding 1 Share as determined on the immediately preceding Trust Calculation Date or, in the case of the first Trust Calculation Date, the Initial Funding 1 Share as at the Initial Closing Date;
- B = the sum of (i) the amount of any Principal Receipts on the Loans to be distributed to Funding 1 on the Distribution Date immediately following the Relevant Trust Calculation Date in accordance with the provisions described in Clause 14 (Allocation and Distribution of Principal Receipts) and (ii) any Refinancing Distribution made to Funding 1 in the immediately preceding Trust Calculation Period;
- C = the amount of Losses sustained on the Loans (including any Funding 1 Loan Losses) in the immediately preceding Trust Calculation Period and the amount of any reductions occurring in respect of the Loans as described in paragraphs (i) to (iv) of Clause 11.6(a) (Adjustments to Trust Property), in each case allocated to Funding 1 in the immediately preceding Trust Calculation Period;

- D = the amount of any Initial Contribution paid by Funding 1 to the Mortgages Trustee during the immediately preceding Trust Calculation Period in respect of the Funding 1 Share of any New Trust Property sold to the Mortgages Trustee during such Trust Calculation Period;
- E = the amount of any Further Contribution paid by Funding 1 to the Mortgages Trustee during the immediately preceding Trust Calculation Period to increase the Funding 1 Share;
- F = the amount of any Capitalised Arrears which have been allocated to Funding 1 in the immediately preceding Trust Calculation Period and the increase in the Current Balance of the Loans in the Trust Property for any amount of interest not paid on the relevant Loan in the immediately preceding Trust Calculation Period due to Underpayments or Payment Holidays that is allocated to Funding 1; and
- G = the aggregate Current Balance of all the Loans in the Trust Property as at the last day of the immediately preceding Trust Calculation Period or, as the case may be, the Initial Closing Date, including after making or provisioning for the distributions, allocations and additions referred to in B, C, D, E and F above and after taking account of (without double counting any amounts referred to in B, C, D, E and F above):
- (i) the sale, if any, of New Trust Property during the immediately preceding Trust Calculation Period;
 - (ii) any distribution of Principal Receipts and Revenue Receipts (but only insofar as such Revenue Receipts are taken into account in determining the Current Balance) to any of the Beneficiaries on the Distribution Date immediately following the Relevant Trust Calculation Date;
 - (iii) any Contributions by any Beneficiaries in the immediately preceding Trust Calculation Period;
 - (iv) any Refinancing Distribution or Special Distribution or any other distribution to any Beneficiaries in the immediately preceding Trust Calculation Period;
 - (v) the amount of any Losses (including any Funding 1 Loan Losses) or Capitalised Arrears allocated to the Beneficiaries in the immediately preceding Trust Calculation Period;
 - (vi) the amount of any increase in the Current Balances due to capitalisation of insurance premiums due by Borrowers during the immediately preceding Trust Calculation Period;
 - (vii) the adjustments referred to in paragraphs (i) to (iv) (inclusive) of Clause 11.6(a) (Adjustments to Trust Property) below; and
 - (viii) the amount of any other additions to or subtractions from the Current Balance of the Loans comprising the Trust Property (including any subtractions made from the Current Balance resulting from Overpayments made by Borrowers and/or any additions to the Current Balance of the Loans resulting from Borrowers making Cash Withdrawals or Underpayments or taking Payment Holidays under a Flexible Loan or taking Extraordinary Payment Holidays under any Loan (where some or all of the Extraordinary Payment Holiday Amount is capitalised) or the Seller making Further Advances to a Borrower (for the avoidance of doubt, in the case of Excluded Further Advances or Further Advances otherwise repurchased pursuant to the terms of the Mortgage Sale Agreement, until so repurchased) or a Borrower making

Further Drawdowns under a Loan during the immediately preceding Trust Calculation Period, as described in Clause 6 (Additions to and Reductions in the Trust Property).

- (b) On each Interim Trust Calculation Date, the Funding 1 Share Percentage in the Trust Property will be recalculated by the Cash Manager for the related Interim Trust Calculation Period for the sole purpose of calculating the distributions to be made from the Trust Property on the immediately succeeding Distribution Date and will be an amount, expressed as a percentage (calculated to an accuracy of five decimal places (rounded upwards)), equal to:

$$\frac{(A - B + D)}{G} \times 100$$

where

A = the size of the Funding 1 Share as determined on the later of the Trust Calculation Date (or, in the case of the first Trust Calculation Date, the Initial Funding 1 Share as at the Initial Closing Date and, for the avoidance of doubt, in respect of Interim Trust Calculation Dates occurring subsequent thereto and prior to the date hereof, as determined in accordance with the Mortgages Trust Deed) and, if applicable, any Interim Trust Calculation Date immediately preceding the relevant Interim Trust Calculation Date;

B = the actual amount of any Refinancing Distribution paid to Funding 1 on such Interim Trust Calculation Date which is a Further Contribution Date; and

D = (a) the amount of any Initial Contribution paid by Funding 1 to the Mortgages Trustee on such Interim Trust Calculation Date which is a Sale Date in respect of the Funding 1 Share of any New Trust Property or, as the case may be, (b) an amount equal to the Further Contribution paid by Funding 1 to the Mortgages Trustee on such Interim Trust Calculation Date which is a Further Contribution Date; and

G = the sum of:

- (i) the aggregate Current Balance of all of the Loans in the Trust Property as at the immediately preceding Trust Calculation Date or, as applicable, the Interim Trust Calculation Date; and
- (ii) the aggregate Current Balance of the New Trust Property sold to the Mortgages Trustee after the immediately preceding Trust Calculation Date, or, as applicable, the Interim Trust Calculation Date including the New Trust Property sold to the Mortgages Trustee on such Interim Trust Calculation Date which is a Sale Date,

(in each case, taking into account the amounts and adjustments referred to in the calculation of "G" as set out in paragraph (a) above).

11.3 Funding 1 Share

- (a) On each Trust Calculation Date, the **Funding 1 Share** will be an amount equal to:

$$A - B - C + D + E + F$$

where **A**, **B**, **C**, **D**, **E** and **F** have the meanings specified in Clause 11.2(a) (Funding 1 Share Percentage).

- (b) On each Interim Trust Calculation Date, the **Funding 1 Share** will be an amount equal to:

$$A - B + D$$

where **A**, **B** and **D** have the meanings specified in Clause 11.2(b) (Funding 1 Share Percentage).

11.4 Weighted Average Funding 1 Share

On any Trust Calculation Date in respect of which a Sale Date or a Further Contribution Date has occurred during the immediately preceding Trust Calculation Period, the Cash Manager will calculate (for the sole purpose of making the distributions to be made on the immediately succeeding Distribution Date) the weighted average of the Funding 1 Share Percentage in respect of each Interim Trust Calculation Period occurring in that immediately preceding Trust Calculation Period. The calculation will be based on the amount of the Revenue Receipts and the Principal Receipts received and the Losses (including any Funding 1 Loan Losses) sustained during each of the preceding Interim Trust Calculation Periods. The **Weighted Average Funding 1 Share Percentage** for any such Trust Calculation Date will be equal to:

- (a) in respect of the distribution of Revenue Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Funding 1 Share (Revenue) Percentage**), the sum, in respect of all Interim Trust Calculation Periods during the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:
- (i) for each Interim Trust Calculation Period during that Trust Calculation Period, the product of:
- (A) the related Funding 1 Share Percentage for that Interim Trust Calculation Period; and
- (B) the amount of all Revenue Receipts received by the Mortgages Trustee during that Interim Trust Calculation Period;
- divided by:**
- (ii) the aggregate of all Revenue Receipts received by the Mortgages Trustee during the Trust Calculation Period immediately preceding that Trust Calculation Date;
- (b) in respect of the distribution of Principal Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Funding 1 Share (Principal) Percentage**), the sum, in respect of all Interim Trust Calculation Periods during the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:
- (i) for each Interim Trust Calculation Period during that Trust Calculation Period, the product of:
- (A) the related Funding 1 Share Percentage for that Interim Trust Calculation Period; and
- (B) the amount of all Principal Receipts received by the Mortgages Trustee during that Interim Trust Calculation Period;

divided by:

- (ii) the aggregate of all Principal Receipts received by the Mortgages Trustee during the Trust Calculation Period immediately preceding that Trust Calculation Date; and
- (c) in respect of the allocation of Losses (including any Funding 1 Loan Losses) to be made on the immediately succeeding Distribution Date (the **Weighted Average Funding 1 Share (Losses) Percentage**), the sum, in respect of all Interim Trust Calculation Periods during the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:
 - (i) for each Interim Trust Calculation Period during that Trust Calculation Period, the product of:
 - (A) the related Funding 1 Share Percentage for that Interim Trust Calculation Period; and
 - (B) the amount of all Losses sustained on the Loans (including any Funding 1 Loan Losses) during that Interim Trust Calculation Period;

divided by:

 - (ii) the aggregate of all Losses sustained on the Loans (including any Funding 1 Loan Losses) during the Trust Calculation Period immediately preceding that Trust Calculation Date.

11.5 Share Percentage etc. of each Further Funding Company

- (a) The Share Percentage of each Further Funding Company and each Further Funding Company's Share in the Trust Property will be recalculated on each Trust Calculation Date, and, if applicable, each Interim Trust Calculation Date occurring during the then current Trust Calculation Period in the same way that the Funding 1 Share Percentage and the Funding 1 Share are recalculated in Clauses 11.2 (Funding 1 Share Percentage) and 11.3 (Funding 1 Share) respectively, except that references to Funding 1 are to be read as references to the relevant Further Funding Company.
- (b) The Weighted Average Further Funding Company Share Percentage, the Weighted Average Further Funding Company Share (Revenue) Percentage, the Weighted Average Further Funding Company Share (Principal) Percentage and the Weighted Average Further Funding Company Share (Losses) Percentage of each Further Funding Company will be calculated in the same way as the Weighted Average Funding 1 Share Percentage, the Weighted Average Funding 1 Share (Revenue) Percentage, the Weighted Average Funding 1 Share (Principal) Percentage and the Weighted Average Funding 1 Share (Losses) Percentage are calculated in Clause 11.4 (Weighted Average Funding 1 Share), except that references to Funding 1 are to be read as references to that Funding Company.

11.6 Adjustments to Trust Property

- (a) On each relevant Trust Calculation Date or, as applicable, each relevant Interim Trust Calculation Date, the aggregate Current Balance of the Loans comprised in the Trust Property shall be reduced or, as the case may be, deemed to be reduced for the purposes of the calculation set out in "G" in Clause 11.2(a) (Funding 1 Share Percentage) above, if any of the following events has occurred during the Trust Calculation Period or, as applicable, Interim Trust Calculation Period immediately preceding the relevant Trust Calculation Date or, as applicable, relevant Interim Trust Calculation Date:

- (i) any Borrower exercises a right of set-off in relation to Loans comprised in part of the Trust Property so that the amount of principal and/or interest owing under a Loan is reduced but no corresponding amount is received by the Mortgages Trustee in which event the aggregate Current Balance of the Loans comprised in the Trust Property shall be reduced by an amount equal to the amount set-off; and/or
 - (ii) a Loan or its Related Security (A) does not materially comply with the Loan Warranties in the Mortgage Sale Agreement as at the date such Loan Warranties are made or deemed to be repeated, (B) is the subject of a Product Switch or a Further Advance (other than Excluded Further Advance) which does not comply with the relevant conditions for remaining in the Trust Property (and in each case under (A) and (B) above the Seller fails to repurchase the Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) as required by the terms of the Mortgage Sale Agreement) or the Seller makes an Excluded Further Advance and does not repurchase the Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) as required by the terms of the Mortgage Sale Agreement or (C) is a Portable Loan and the Seller accepts an application from a Borrower to transfer such Portable Loan to a New Property and the Seller fails to repurchase the Loan or Loans and their Related Security, then the aggregate Current Balance of the Loans comprised in the Trust Property shall be deemed to be reduced for the purposes of the calculation of "G" in Clause 11.2(a) (Funding 1 Share Percentage) by an amount equal to the Current Balance of the relevant Loan or Loans; and/or
 - (iii) the Seller would be required to repurchase a Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) in accordance with the terms of the Mortgage Sale Agreement, but such Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it) are not capable of repurchase, in which case the aggregate Current Balance of the Loans comprised in the Trust Property shall be deemed to be reduced for the purposes of the calculation of "G" in Clause 11.2(a) (Funding 1 Share Percentage) by an amount equal to the Current Balance of the relevant Loan or Loans; and/or
 - (iv) the Seller breaches any other material warranty under the Mortgage Sale Agreement and/or (for so long as it is the Servicer) is required to indemnify the Beneficiaries under the Servicing Agreement, in which event the aggregate Current Balance of the Loans comprised in the Trust Property shall be deemed for the purposes of the calculation of "G" in Clause 11.2(a) (Funding 1 Share Percentage) to be reduced by an amount equivalent to all losses, costs, liabilities, claims, expenses and damages incurred by the Beneficiaries as a result of such breach.
- (b) The reductions and deemed reductions set out in paragraphs (i) to (iv) (inclusive) of Clause 11.6(a) (Adjustments to Trust Property) shall be made on each London Business Day, but only aggregated and accounted for on the next following relevant Trust Calculation Date or, as applicable, Interim Trust Calculation Date, first to the Seller Share (including the Minimum Seller Share) only, and thereafter shall be made to the Funding 1 Share and any Further Funding Company Share *pro rata* according to the then current Funding Proportion thereof.

Funding Proportion means each of the Funding 1 Proportion and each Further Funding Company Proportion.

Funding 1 Proportion means, on a Distribution Date, Sale Date, Further Contribution Date or Funding 1 Interest Payment Date, an amount equal to:

$$\frac{A}{A + B}$$

Further Funding Company Proportion means, on a Distribution Date, Sale Date, Further Contribution Date or Funding 1 Interest Payment Date, an amount equal to:

$$\frac{B}{A + B}$$

in each case where:

A = the Funding 1 Share on that date; and

B = each Further Funding Company Share on that date.

- (c) If at any time after the Initial Closing Date the Mortgages Trustee holds, or there is held to its order, or it receives, or there is received to its order any property, interest, right or benefit relating to any Loan and its Related Security which is or has been subject to any reduction or deemed reduction pursuant to paragraphs (i) to (iv) (inclusive) of Clause 11.6(a) (Adjustments to Trust Property), then such property, interest, right or benefit shall be allocated to the Beneficiaries and distributed to each of the Funding Companies according to the then current Funding Proportion thereof (but only if and to the extent that the related reductions were applied against the Funding 1 Share and each Further Funding Company Share) and, to the extent of any excess, to the Seller.

11.7 Seller Share Percentage

On each Trust Calculation Date and on each Interim Trust Calculation Date, the **Seller Share Percentage** will be recalculated as the amount calculated to the accuracy of five decimal places equal to 100% minus the aggregate of the Funding 1 Share Percentage and each Further Funding Company Share Percentage, each as calculated on the relevant Trust Calculation Date or, as the case may be, the relevant Interim Trust Calculation Date.

11.8 Seller Share

The **Seller Share** will be an amount equal to the aggregate Current Balance of Loans (taking into account the amounts and adjustments referred to in the calculation of "G" as set out in Clause 11.2(a) (Funding 1 Share Percentage)) comprised in the Trust Property as calculated on the relevant Trust Calculation Date or, as the case may be, the relevant Interim Trust Calculation Date minus the aggregate of the Funding 1 Share and each Further Funding Company Share each as calculated on the relevant Trust Calculation Date or, as the case may be, the relevant Interim Trust Calculation Date.

11.9 Weighted Average Seller Share

On any Trust Calculation Date in respect of which a Sale Date or a Further Contribution Date has occurred during the immediately preceding Trust Calculation Period, the Cash Manager will calculate (for the sole purpose of making the distributions to be made on the immediately succeeding Distribution Date) the weighted average of the Seller Share Percentages that were calculated previously in respect of each Interim Trust Calculation Period occurring in that immediately

preceding Trust Calculation Period. The calculation will be based on the amount of the Revenue Receipts and the Principal Receipts received and the Losses (including any Funding 1 Loan Losses) sustained during each of the preceding Interim Trust Calculation Periods. The **Weighted Average Seller Share Percentage** for any such Trust Calculation Date will be equal to:

- (a) in respect of the distribution of Revenue Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Revenue) Percentage**), the sum based on the following formula:

100% *minus* (the then current Weighted Average Funding 1 Share (Revenue) Percentage *plus* the then current Weighted Average Further Funding Company Share (Revenue) Percentage of each Further Funding Company)

- (b) in respect of the distribution of Principal Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Principal) Percentage**), the sum based on the following formula:

100% *minus* (the then current Weighted Average Funding 1 Share (Principal) Percentage *plus* the then current Weighted Average Further Funding Company Share (Principal) Percentage of each Further Funding Company)

- (c) in respect of the allocation of Losses (including any Funding 1 Loan Losses) to be made on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Losses) Percentage**), the sum based on the following formula:

100% *minus* (the then current Weighted Average Funding 1 Share (Losses) Percentage *plus* the then current Weighted Average Further Funding Company Share (Losses) Percentage of each Further Funding Company).

11.10 Funding Company Shares/Seller Share

None of the Funding 1 Share, each Further Funding Company Share (if applicable) or the Seller Share may be reduced below zero, regardless of the requirements in relation to the Minimum Seller Share. At all times, the Funding 1 Share Percentage, each Further Funding Company Share Percentage (if applicable) and the Seller Share Percentage shall (in aggregate) be equal to 100% of the Aggregate Principal Balance of the Loans comprising the Trust Property as calculated on the most recent Trust Calculation Date or (if applicable) Interim Trust Calculation Date.

12. MINIMUM SELLER SHARE

12.1 Initial Minimum Seller Share

The Seller Share includes an amount equal to the Minimum Seller Share. Subject to paragraph (iii) of the proviso to Clause 14.3 (Allocation and Distribution of Mortgages Trust Available Principal Receipts prior to the occurrence of a Trigger Event), unless and until:

- (a) each of the Funding 1 Share and any Further Funding Company Share is in an amount equal to zero; or

(b) an Asset Trigger Event occurs,

the Seller will not be entitled to receive Principal Receipts which would reduce the Seller Share to an amount less than the Minimum Seller Share and the Seller consents and directs the Mortgages Trustee accordingly.

12.2 Fluctuation of Minimum Seller Share on each Trust Calculation Date

The amount of the Minimum Seller Share will be recalculated by the Cash Manager on each Trust Calculation Date (after any Sale of Loans to the Mortgages Trustee on that date) and will be an amount equal to the greater of: (i), the greater of (a) falling on and following the date on which the Seller is required to comply with the U.S. Credit Risk Retention Requirements (as defined below), five (5) per cent. of the aggregate Principal Amount Outstanding of all Notes, other than any Notes that are at all times held by the Seller or one or more of its wholly-owned affiliates, calculated in accordance with Section 15G of the Exchange Act (the **U.S. Credit Risk Retention Requirements**) at the relevant date of determination or as otherwise permitted under the U.S. Credit Risk Retention Requirements and (b) falling on and following the date on which the Seller is required to comply with the EU Risk Retention Requirements (as defined below), five (5) per cent. of the aggregate Current Balance of the Loans within the Trust Property calculated in accordance with Article 6(1) of the Securitisation Regulation (the **EU Risk Retention Requirements**) or such other amount required by the EU Risk Retention Requirements and; and (ii) the amount determined (without double counting) pursuant to the following formula:

$$X + Y + Z$$

where:

X = 104.4% of the aggregate of the FSCS Excess Amounts (or such other percentage determined by the Seller and notified to the Mortgages Trustee following its annual review or, if the short term issuer default rating assigned to the Seller by Fitch is less than F1, its quarterly review) provided that such percentage shall not, in any case, be less than 104.2 per cent of the aggregate of the FSCS Excess Amounts (as defined below) or, if the FSCS Excess Amounts cannot be determined on the relevant Trust Calculation Date, X shall equal 4.4% (or such other percentage determined by the Seller and notified to the Mortgages Trustee following its annual review or, if the short term issuer default rating assigned to the Seller by Fitch is less than F1, its quarterly review, provided that such percentage shall not, in any case, be less than 4.2%) of the aggregate Current Balance of all Loans comprised in the Trust Property, as calculated on the relevant Trust Calculation Date (as at the end of the immediately preceding Trust Calculation Period) or, if the long term deposit rating assigned to the Seller by Moody's is less than Baa3 or the long term issuer default rating assigned to the Seller by Fitch is less than BBB-, the amount of deposits held by the Seller as at the date of notification to the Borrowers of the sale of the Loans to the Mortgages Trustee if greater than such amount.

FSCS Excess Amount means, in respect of each Borrower whose total deposits with the Seller exceed the FSCS Limit, the total deposit account balances of that Borrower minus the FSCS Limit.

FSCS Limit means the then current applicable compensation limit for depositors in the UK established by the Financial Services Compensation Scheme.

Y = the product of: p x q x r where:

p = 8%;

q = the **Flexible Draw Capacity**, being an amount equal to the maximum amount of Cash Withdrawals that Borrowers are entitled to draw under Flexible Loans included in the Trust Property as at the end of the immediately preceding Trust Calculation Period; and

r = 3; and

Z = the aggregate Current Balance of all Cash Withdrawals made by Borrowers under Flexible Loans in the Trust Property and the aggregate Current Balance of all Further Advances made under Loans in the Trust Property pursuant to Loans that are regulated by the CCA that are not represented to be enforceable (excluding Excluded Further Advances or Further Advances pursuant to Loans repurchased pursuant to the terms of the Mortgage Sale Agreement), in each case as at the end of the immediately preceding Trust Calculation Period.

12.3 Recalculation of Minimum Seller Share following occurrence of exceptional events

Prior to the occurrence of a Trigger Event:

- (a) the calculation of the Minimum Seller Share in accordance with Clause 12.2 (Fluctuation of Minimum Seller Share on each Trust Calculation Date) will be recalculated or increased on a date other than a Trust Calculation Date (in consultation with the relevant Rating Agencies) if the Seller merges or otherwise combines its business with another bank or other financial institution so as to increase the risks associated with Borrowers holding deposits in accounts of the Seller and such merger or combination results in the then current ratings of the Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding being withdrawn, qualified or downgraded and such withdrawal, qualification or downgrade would be avoided if the Minimum Seller Share was so recalculated or increased (it being acknowledged that none of the Rating Agencies has any obligation to provide a confirmation at any time);
- (b) the calculation of the Minimum Seller Share in accordance with Clause 12.2 (Fluctuation of Minimum Seller Share on each Trust Calculation Date) will be recalculated or increased on a date other than a Trust Calculation Date (in consultation with the relevant Rating Agencies) if notice has been received from one or more of the Rating Agencies that the then current ratings of the Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding would be withdrawn, qualified or downgraded and that such withdrawal, qualification or downgrade would be avoided if the Minimum Seller Share was so recalculated or increased (it being acknowledged that none of the Rating Agencies has any obligation to provide a confirmation at any time); and
- (c) the amount of the Minimum Seller Share as calculated in accordance with Clause 12.2 (Fluctuation of Minimum Seller Share on each Trust Calculation Date) will be decreased (and the calculation thereof amended accordingly) from time to time at the request of the Seller or any Funding Company (acting reasonably) provided that the Funding Company and (in respect of Funding 1) the Funding 1 Security Trustee or (in respect of each Further Funding Company) each Further Funding Security Trustee has received written confirmation from each of the Rating Agencies that the then current ratings of the Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding would not be withdrawn, qualified or downgraded as a result thereof (it being acknowledged that none of the Rating Agencies has any obligation to provide a confirmation at any time).

12.4 Minimum Seller Share Requirement

The Seller undertakes to each party hereto that it will ensure that the Seller Share is, at all times, at least equal to the Minimum Seller Share as at the most recent Trust Calculation Date.

13. ALLOCATION AND DISTRIBUTION OF REVENUE RECEIPTS

13.1 Allocation and Distribution of Third Party Amounts

Pursuant to the Cash Management Agreement, the Cash Manager (at the direction of the Mortgages Trustee on behalf of the Beneficiaries at their direction and with their consent) will deduct, as and when identified, Third Party Amounts from the Revenue Receipts standing to the credit of the Mortgages Trustee GIC Account or Standby Mortgages Trustee Bank Account, and pay over the same to the proper recipients thereof. The Mortgages Trustee and the Beneficiaries hereby consent to such deductions.

13.2 Allocation and Distribution of Mortgages Trust Available Revenue Receipts

On each Distribution Date (or, in respect of amounts due to third parties under paragraph (a) below, when due) the Cash Manager (at the direction of the Mortgages Trustee and on behalf of the Beneficiaries at their direction and with their consent) will apply the Mortgages Trust Available Revenue Receipts to meet the following expenses and payments as follows:

- (a) *first, pari passu* and *pro rata*, to pay:
 - (i) amounts due and payable to the Mortgages Trustee under the provisions of this Deed or to become due and payable to the Mortgages Trustee during the then current Trust Calculation Period; and
 - (ii) amounts due and payable to third parties or to become due and payable to third parties during the then current Trust Calculation Period from the Mortgages Trustee in respect of the Mortgages Trust, but only if:
 - (A) payment is not due as a result of a breach by the Mortgages Trustee of the documents to which it is a party; and/or
 - (B) payment has not already been provided for elsewhere;
- (b) *second, pari passu* and *pro rata*, to pay:
 - (i) amounts due and payable to the Servicer or to become due and payable to the Servicer during the then current Trust Calculation Period, in each case by the Mortgages Trustee under the provisions of the Servicing Agreement;
 - (ii) amounts due and payable to the Cash Manager by the Mortgages Trustee or to become due and payable to the Cash Manager by the Mortgages Trustee during the then current Trust Calculation Period, in each case by the Mortgages Trustee under the provisions of the Cash Management Agreement;
 - (iii) amounts due and payable to the Mortgages Trustee Corporate Services Provider or to become due and payable to the Mortgages Trustee Corporate Services Provider during the then current Trust Calculation Period, in each case by the Mortgages Trustee under the provisions of the Mortgages Trustee Corporate Services Agreement; and

- (iv) amounts due and payable to the Mortgages Trustee Account Bank or to become due and payable to the Mortgages Trustee Account Bank during the then current Trust Calculation Period, in each case by the Mortgages Trustee under the provisions of the Mortgages Trustee Bank Account Agreement;
- (c) *third, pari passu* but subject to the proviso below, to allocate the remaining Mortgages Trust Available Revenue Receipts to:
 - (i) Funding 1 in an amount determined by multiplying the total amount of the remaining Mortgages Trust Available Revenue Receipts by the Funding 1 Share Percentage as calculated on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period (or, in the case of the first Distribution Date, as of the Initial Closing Date);
 - (ii) each Further Funding Company in an amount determined by multiplying the total amount of the remaining Mortgages Trust Available Revenue Receipts by each Further Funding Company Share Percentage as calculated on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period (or, in the case of the first Distribution Date after which such Further Funding Company acceded to this Deed, as of the Closing Date on which such Further Funding Company acceded to this Deed); and
 - (iii) the Seller in an amount determined by multiplying the total amount of the remaining Mortgages Trust Available Revenue Receipts by the Seller Share Percentage as calculated on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period (or, in the case of the first Distribution Date, as of the Initial Closing Date),

PROVIDED THAT, if a Sale Date or Further Contribution Date has occurred during the Trust Calculation Period immediately preceding the relevant Distribution Date, then the Cash Manager will use:

- (A) the Weighted Average Funding 1 Share (Revenue) Percentage (instead of the Funding 1 Share Percentage) in respect of such Trust Calculation Period in determining the amount of Mortgages Trust Available Revenue Receipts to distribute to Funding 1;
- (B) the Weighted Average Further Funding Company Share (Revenue) Percentage of each Further Funding Company (instead of each Further Funding Company Share Percentage) in respect of such Trust Calculation Period in determining the amount of Mortgages Trust Available Revenue Receipts to distribute to each Further Funding Company; and
- (C) the Weighted Average Seller Share (Revenue) Percentage (instead of the Seller Share Percentage) in respect of such Trust Calculation Period in determining the amount of Mortgages Trust Available Revenue Receipts to distribute to the Seller.

Amounts due to the Mortgages Trustee, the Servicer, the Cash Manager, the Mortgages Trustee Corporate Services Provider and the Mortgages Trustee Account Bank include amounts payable in respect of VAT as provided in the relevant Transaction Documents, if any.

13.3 Extraordinary Payment Holidays

On any Distribution Date, in the event of one or more Borrowers having taken or continuing to exercise an Extraordinary Payment Holiday in respect of a Loan during the Trust Calculation Period immediately preceding the relevant Distribution Date:

- (a) the Seller's share of Mortgages Trust Available Revenue Receipts shall be reduced by an amount equal to the Extraordinary Payment Holiday Funding Amount or, if lower, an amount equal to the Seller's share of Mortgages Trust Available Revenue Receipts (such amount being the **Extraordinary Payment Holiday Adjustment Amount**) but, for the avoidance of doubt, without adjusting the Seller's share of Mortgages Trust Available Principal Receipts; and
- (b) the Extraordinary Payment Holiday Adjustment Amount comprising the reduction in the Seller's share of Mortgages Trust Available Revenue Receipts shall be paid to Funding 1 and Funding 1's share of Mortgages Trust Available Revenue Receipts shall be increased accordingly, but for the avoidance of doubt, without adjusting Funding 1's share of Mortgages Trust Available Principal Receipts.

It is hereby agreed that the Seller has agreed to a reduction in its share of Mortgages Trust Available Revenue Receipts in anticipation of either (a) an increase in the Seller Share, to the extent that any Extraordinary Payment Holiday Amount (including any Extraordinary Payment Holiday Shortfall Amount) or part thereof becomes capitalised (in which case the Seller Share shall increase by virtue of the operation of Clause 6.2(b)(ii) or 6.2(c), as the case may be) or (b) receipt by the Seller of additional amounts after application of the Funding 1 Priority of Payments.

14. ALLOCATION AND DISTRIBUTION OF PRINCIPAL RECEIPTS

14.1 Allocation and Distribution of Principal Receipts

- (a) On each Trust Calculation Date, prior to distributing any Principal Receipts, the Cash Manager shall ascertain:
 - (i) the amount of Mortgages Trust Available Principal Receipts;
 - (ii) whether the following Distribution Date is within a Cash Accumulation Period relating to a Cash Accumulation Loan Tranche for any Funding Company (the Cash Accumulation Period being calculated separately for each Cash Accumulation Loan Tranche); and
 - (iii) the Cash Accumulation Requirement and Repayment Requirement of each Funding Company.

14.2 On each Distribution Date, the Cash Manager (at the direction of the Mortgages Trustee acting on behalf of the Beneficiaries at their direction and with their consent) shall then allocate and distribute Principal Receipts as provided in this Clause 14 (Allocation and Distribution of Principal Receipts). For the purposes of making the distributions of Principal Receipts pursuant to Clauses 14.3 (Allocation and Distribution of Mortgages Trust Available Principal Receipts prior to the occurrence of a Trigger Event) to 14.4 (Distribution of Principal Receipts on or after the occurrence of an Asset Trigger Event), the Funding 1 Share, each further Funding Company Share and the Seller Share shall be determined on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period (or, in the case of the first Distribution Date, as of the Initial Closing Date).

14.3 Allocation and Distribution of Mortgages Trust Available Principal Receipts prior to the occurrence of a Trigger Event

On each Distribution Date (the **relevant Distribution Date**) where no Trigger Event has occurred on or before the immediately preceding Trust Calculation Date, the Cash Manager shall allocate the Mortgages Trust Available Principal Receipts to the Beneficiaries and distribute such amounts as follows:

- (a) *first, pro rata and pari passu*, if any of the Funding Companies has a Cash Accumulation Requirement on that Distribution Date:
 - (i) to allocate and pay to Funding 1 an amount equal to the lesser of (A) all Mortgages Trust Available Principal Receipts multiplied by the Funding 1 Proportion and (B) an amount up to but not exceeding the sum of Funding 1's Cash Accumulation Requirement (if any) on that Distribution Date; and
 - (ii) to allocate and to pay to each Further Funding Company an amount equal to the lesser of (A) all Mortgages Trust Available Principal Receipts multiplied by the proportion of the relevant Further Funding Company Proportion and (B) an amount up to but not exceeding the sum of that Funding Company's Cash Accumulation Requirement (if any) on that Distribution Date;
- (b) *second, pari passu and pro rata*:
 - (i) to allocate and to pay to Funding 1 an amount up to, but not exceeding, Funding 1's Cash Accumulation Requirement (if any) on that Distribution Date after taking into account any amounts received by Funding 1 in accordance with paragraph (a)(i) above; and
 - (ii) to allocate and to pay to each Further Funding Company an amount up to but not exceeding that Funding Company's Cash Accumulation Requirement (if any) on that Distribution Date after taking into account any amounts received by that Funding Company in accordance with paragraph (a)(ii) above;
- (c) *third, pari passu and pro rata*, if any of the Funding Companies has a Repayment Requirement on that Distribution Date:
 - (i) to allocate and to pay to Funding 1 an amount equal to the lesser of (A) all remaining Mortgages Trust Available Principal Receipts multiplied by the Funding 1 Proportion and (B) an amount up to but not exceeding the sum of Funding 1's Repayment Requirement (if any) on that Distribution Date; and
 - (ii) to allocate and to pay to each Further Funding Company an amount equal to the lesser of (A) all remaining Mortgages Trust Available Principal Receipts multiplied by the relevant Further Funding Company Proportion and (B) an amount up to but not exceeding the sum of that Funding Company's Cash Repayment Requirement (if any) on that Distribution Date;
- (d) *fourth, pari passu and pro rata*:
 - (i) to allocate and to pay to Funding 1 an amount up to but not exceeding Funding 1's Repayment Requirement (if any) on that Distribution Date after taking into account any amounts received by Funding 1 in accordance with paragraph (c)(i) above; and

- (ii) to allocate and to pay to each Further Funding Company an amount up to but not exceeding that Funding Company's Repayment Requirement (if any) on that Distribution Date after taking into account any amounts received by that Funding Company in accordance with paragraph (c)(ii) above;
- (e) *fifth*, provided that the Seller Share on the immediately preceding Trust Calculation Date is not less than the Minimum Seller Share, to allocate and pay all remaining Mortgages Trust Available Principal Receipts to the Seller,

PROVIDED THAT in relation to paragraphs (a) to (e) above, the following rules shall apply:

- (i) the amount of Mortgages Trust Available Principal Receipts to be allocated and paid:
 - (A) to Funding 1 on a Distribution Date will be reduced by an amount equal to the aggregate of Funding 1 Available Revenue Receipts which are to be applied on the immediately succeeding Funding 1 Interest Payment Date in reduction of deficiencies on the Funding 1 Principal Deficiency Ledger; and
 - (B) to each Further Funding Company on a Distribution Date will be reduced by an amount equal to the aggregate of available revenue receipts of that Funding Company which are to be applied on the immediately succeeding payment date of that Funding Company in reduction of deficiencies on the principal deficiency ledger of that Funding Company or any New Issuer making an Intercompany Loan to that Funding Company;

but in each case only to the extent that (following any such reduction) amounts falling due under paragraphs (a), (b), (c) and (d) are still able to be paid in full;

- (ii) a Funding Company will not be entitled to have allocated to it (nor will it have allocated to it or receive) in aggregate an amount of Mortgages Trust Available Principal Receipts from the Mortgages Trustee on a Distribution Date which is in excess of:
 - (A) in respect of Funding 1, the Funding 1 Share on such Distribution Date; and
 - (B) in respect of each Further Funding Company, the relevant Further Funding Company Share on such Distribution Date;
- (iii) if on any Trust Calculation Date prior to the occurrence of a Non-Asset Trigger Event the Seller Share is equal to or less than the Minimum Seller Share:
 - (A) the Mortgages Trustee will make provision in an amount which would have been payable to the Seller if the Seller Share had been greater than the Minimum Seller Share; and
 - (B) the Seller will not receive nor have allocated to it any amount so provided for by the Mortgages Trustee in paragraph (e) above until such time as the Seller Share is greater than the Minimum Seller Share and provided that:
 - I. the Seller will not receive nor have allocated to it any such amount if a Non-Asset Trigger Event occurs and is occurring; and
 - II. if an Asset Trigger Event occurs and is occurring, the Seller will have allocated to it and will be paid such amount but only to the extent permitted

by the rules governing distribution of Principal Receipts after the occurrence of an Asset Trigger Event.

14.4 Distribution of Principal Receipts on or after the occurrence of a Non-Asset Trigger Event but prior to the occurrence of an Asset Trigger Event

- (a) On each Distribution Date after the occurrence of a Non-Asset Trigger Event and until the occurrence of an Asset Trigger Event, the Cash Manager shall allocate all Mortgages Trust Available Principal Receipts to the Beneficiaries and distribute such amounts in the following order:
 - (i) to the Funding Companies *pari passu* and *pro rata* according to the Funding 1 Proportion and each Further Funding Company Proportion respectively, until each of the Funding 1 Share and each Further Funding Company Share (as calculated on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period) is zero; and
 - (ii) the remainder, if any, of such receipts shall thereafter be paid to the Seller.
- (b) Notwithstanding the foregoing, if a Sale Date or a Further Contribution Date has occurred during the Trust Calculation Period immediately preceding such Distribution Date, the Cash Manager on behalf of the Mortgages Trustee will apply all Principal Receipts by way of allocation and payment between and to Funding 1 and each Further Funding Company according to the Weighted Average Funding 1 Share (Principal) Percentage and the relevant Weighted Average Further Funding Company Share (Principal) Percentage for that Distribution Date, until each of the Funding 1 Share and each Further Funding Company share is zero.

14.5 Distribution of Principal Receipts on or after the occurrence of an Asset Trigger Event

- (a) On each Distribution Date after the occurrence of an Asset Trigger Event, the Cash Manager shall allocate all Mortgages Trust Available Principal Receipts to the Beneficiaries and distribute such amounts *pari passu* and *pro rata* to the Beneficiaries according to the Funding 1 Share Percentage, the Further Funding Company Share Percentage of each Further Funding Company and the Seller Share Percentage (in each case as calculated on the Relevant Trust Calculation Date falling in the immediately preceding Trust Calculation Period), until each of the Funding 1 Share, the Further Funding Company Share of each Further Funding Company and the Seller Share is zero (and, for the avoidance of doubt, such payments may reduce the Seller Share to an amount less than the Minimum Seller Share).
- (b) Notwithstanding the foregoing, if a Sale Date or a Further Contribution Date has occurred during the Trust Calculation Period immediately preceding such Distribution Date, the Cash Manager on behalf of the Mortgages Trustee shall apply all Principal Receipts by way of allocation and payment between and to the Beneficiaries *pari passu* and *pro rata* to the Weighted Average Funding 1 Share (Principal) Percentage, the Weighted Average Further Funding Company Share (Principal) Percentage of each Further Funding Company and the Weighted Average Seller Share (Principal) Percentage, for that Distribution Date, until each of the Funding 1 Share and each Further Funding Company Share is zero.

15. ALLOCATION OF LOSSES

- (a) Subject as provided in this Deed (and, in particular, Clause 11 (Adjustment of Shares and Share Percentages of Beneficiaries) and Clause 15(b) (Allocation of Losses), below), all Losses sustained on the Loans (including any Funding 1 Loan Losses) and, in respect of any inability to withdraw amounts standing to the credit of the Mortgages Trustee GIC Account

while such amounts are collateralised pursuant to Clause 4.12 (Collateral Posting) of the Cash Management Agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of the Mortgages Trustee Account Bank or it being unable to pay such amounts), during a Trust Calculation Period, shall be applied in reducing each Beneficiary's Share. Save as otherwise provided herein, each Beneficiary's Share of the Losses (including any Funding 1 Loan Losses) shall be determined by multiplying the Losses by:

- (i) in relation to Funding 1, the Funding 1 Share Percentage;
- (ii) in relation to each Further Funding Company, such Further Funding Company's Further Funding Company Share Percentage;
- (iii) in relation to the Seller, the Seller Share Percentage,

in each case as determined on the immediately preceding Trust Calculation Date prior to calculating the allocation of Mortgages Trustee Available Principal Receipts on that Trust Calculation Date, until the share of each Beneficiary in the Trust Property is zero, regardless of the requirements in relation to the Minimum Seller Share.

- (b) If a Sale Date or a Further Contribution Date has occurred during the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, then the amount of Losses (including Funding 1 Loan Losses) shall be multiplied by, as applicable, the Weighted Average Funding 1 Share (Losses) Percentage, the Weighted Average Further Funding Company Share (Losses) Percentage of each Further Funding Company and the Weighted Average Seller Share (Losses) Percentage, in each case as calculated for the immediately preceding Trust Calculation Period on that Trust Calculation Date,.

16. LEDGERS

The Mortgages Trustee shall maintain, or shall procure that the Cash Manager maintains on its behalf, the following Mortgages Trustee Ledgers:

- (a) the Principal Ledger, which shall record all receipts of Principal Receipts and distribution of the same to the Beneficiaries;
- (b) the Revenue Ledger, which shall record all receipts of Revenue Receipts and distribution of the same to the Beneficiaries;
- (c) the Losses Ledger, which shall record Losses in relation to the Loans (including any Funding 1 Loan Losses);
- (d) the Funding 1 Share Ledger, a share ledger for each Further Funding Company and the Seller Share Ledger, which shall record the Funding 1 Share, the share of that Further Funding Company and the Seller Share, the Funding 1 Share Percentage, the Further Funding Company Share Percentage of that Funding Company and the Seller Share Percentage respectively; and
- (e) the Contributions Ledger, which shall record each Contribution made by a Beneficiary and the application of such Contributions by the Mortgages Trustee in accordance with the terms hereof.

17. NEW BENEFICIARY OF THE MORTGAGES TRUST

On not more than 30 days' written notice nor less than 15 days' written notice to the Mortgages Trustee, the Seller and Funding 1 may direct the Mortgages Trustee to add a New Beneficiary to the Mortgages Trust. The Mortgages Trustee shall include such designated entity as a New Beneficiary of the Mortgages Trust if each of Funding 1 and (if applicable) any Further Funding Company that has previously acceded as a New Beneficiary notifies the Mortgages Trustee in writing that Funding 1 has delivered to the Funding 1 Security Trustee and (if applicable) such Further Funding Company has delivered to the relevant Further Funding Security Trustee a copy of the written confirmation received by it and/or the Issuer and/or any New Issuer from each of the Rating Agencies that the inclusion of the New Beneficiary of the Mortgages Trust would not have an adverse effect on the then current ratings of any Rated Notes then outstanding or any rated debt instruments of a Funding Company (if applicable) then outstanding (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time). Such New Beneficiary shall accede to this Deed in accordance with Clause 2.1(b) (Initial Closing Trust Property) and shall thereupon become a Further Funding Company.

18. COSTS AND EXPENSES OF THE MORTGAGES TRUSTEE

The Mortgages Trustee shall be entitled to charge and be remunerated for the work undertaken by it as trustee of the trusts created by this Deed. The remuneration shall be on such terms (if any) as the Mortgages Trustee may from time to time agree with the Seller and each Funding Company in writing. Each Funding Company and the Seller shall indemnify the Mortgages Trustee from time to time with such regularity as is reasonably agreed between the parties, of the documentable costs and expenses directly and properly incurred by the Mortgages Trustee in performing its obligations hereunder together with any amounts in respect of Irrecoverable VAT in respect of the receipt by the Mortgages Trustee of any taxable supply of goods or services to which such costs and expenses relate. The cost of such indemnity shall be paid in accordance with the priority of payments set out in Clause 13.2 (Allocation and Distribution of Mortgages Trust Available Revenue Receipts).

19. DIRECTIONS FROM BENEFICIARIES

- 19.1 On the Initial Closing Date, the Mortgages Trustee entered into the Servicing Agreement, the Cash Management Agreement, the Mortgage Sale Agreement and the Mortgages Trustee Bank Account Agreement.
- 19.2 Subject to Clause 19.3 (Directions from Beneficiaries) and Clause 19.6 below (Directions from Beneficiaries) or the provisions of any agreement between the Beneficiaries, the Beneficiaries hereby direct the Mortgages Trustee to, and the Mortgages Trustee covenants with the Beneficiaries that it will, take all necessary steps and do everything which each of the Beneficiaries (acting together) may request or direct it to do in order to give effect to the terms of this Deed or the other Transaction Documents (or the transaction documents applicable to any Further Funding Company) to which the Mortgages Trustee is a party.
- 19.3 The Mortgages Trustee shall have the right to decline to follow any such direction if the Mortgages Trustee, being advised by counsel, determines that the proceedings, actions or steps may not be lawfully taken or if the Mortgages Trustee in good faith determines that the proceedings, actions or steps so directed would be illegal or involve it in personal liability.
- 19.4 When the Mortgages Trustee is required to take any proceedings, actions or steps under or in connection with the Transaction Documents (or the transaction documents applicable to any Further Funding Company) for which it requires directions from the Beneficiaries, it shall as soon as reasonably practicable, provide sufficient information to the Beneficiaries as they may require in order to be able to give such directions.

- 19.5 Where a Beneficiary directs the Mortgages Trustee as to any matter, such Beneficiary shall give written particulars of such direction to the Mortgages Trustee and each other Beneficiary. If the Mortgages Trustee does not receive any directions from such other Beneficiaries in respect of such matter by 10 a.m. on the second London Business Day following receipt by such other Beneficiary of such written notice (in accordance with Clause 38 (Addresses for Notices)), such other Beneficiary shall be deemed to have directed the Mortgages Trustee to follow such direction.
- 19.6 Subject to the terms of the Controlling Beneficiary Deed and any other agreement between the Beneficiaries, in the event of any conflict between the directions of the Beneficiaries (including any deemed direction) then each Beneficiary irrevocably agrees that the Controlling Directions shall apply and that the Mortgages Trustee is bound to follow the Controlling Directions as if it were the direction of all Beneficiaries but if there is no Controlling Direction the Mortgages Trustee will not be bound to accept the directions of one Beneficiary over another.
- 19.7 The Mortgages Trustee will not be bound by, and shall have no power to take any proceedings, actions or steps under or in connection with, any of this Deed or the other Transaction Documents (or the transaction documents applicable to any Further Funding Company) to which it is a party unless:
- (a) it shall have been directed to do so by the Beneficiaries or it is required to do so under any express provision of this Deed or the other Transaction Documents (but subject to Clause 19.6 (Directions from Beneficiaries) in respect of any conflict of directions); and
 - (b) it shall have been indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith and the terms of such indemnity may include the provision of a fighting fund, non-recourse loan or other similar arrangement.
- 19.8 Provided that the Mortgages Trustee has complied with the provisions of Clause 19.2 (Directions from Beneficiaries), the Mortgages Trustee shall not be liable to the Beneficiaries notwithstanding that the way in which the relevant discretion, trust, power or remedy was exercised by the Mortgages Trustee did not reflect the particular wishes of any Beneficiary.

20. [RESERVED]

21. TRANSFERS

21.1 Funding 1 shall not assign

Subject to the terms of the Transaction Documents (including for the avoidance of doubt, the Funding 1 Deed of Charge) and the right of Funding 1 (or the Funding 1 Security Trustee or a Receiver on its behalf) to sell Funding 1's interest in the Trust Property following the service of an Intercompany Loan Enforcement Notice (which right is hereby conferred), Funding 1 covenants with the Further Funding Companies and the Seller that it shall not, and shall not purport to, sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in or otherwise dispose of any of Funding 1's rights, title, interest or benefit in the Trust Property and/or this Deed to or in favour of a third party.

21.2 Further Funding Companies shall not assign

Subject to the terms of the Transaction Documents applicable to any Further Funding Company and the right of that Funding Company (or any assignee of that Funding Company) to sell that Funding Company's interest in the Trust Property following acceleration of the Issuer Intercompany Loan or any New Intercompany Loan of that Funding Company (which right is hereby conferred), that

Funding Company covenants with the Further Funding Companies and the Seller that it shall not, and shall not purport to, sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in or otherwise dispose of any of that Funding Company's rights, title and interest or benefit in the Trust Property and/or this Deed to or in favour of a third party.

21.3 Seller shall not assign

Subject to the terms of the Transaction Documents, the Seller covenants with each Funding Company that it shall not, and shall not purport to, sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in, or otherwise dispose of any of the Seller's rights, title and interest or benefit in the Trust Property and/or this Deed to or in favour of a third party, without the prior consent of each Funding Company (such consent not to be unreasonably withheld).

21.4 Transfers to each Further Funding Company

- (a) Subject to Clause 7.1 (Conditions precedent), the parties hereby acknowledge that each Further Funding Company may acquire a substantive share in the Mortgages Trust after the Initial Closing Date and the Beneficiaries covenant with each other that the Seller and/or Funding 1 shall be entitled to sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in, or otherwise dispose of their respective rights, title and interest or benefit in the Trust Property to that Funding Company or, as the case may be, Funding 1 or the Seller.
- (b) The parties hereto agree that when a Further Funding Company acquires more than a nominal share in the Trust Property, the terms of this Deed shall be amended with the agreement of the parties hereto (acting reasonably) to make any changes necessary or desirable in connection therewith.

22. COVENANTS OF THE MORTGAGES TRUSTEE

Save with the prior written consent of the Beneficiaries or as provided in or envisaged by this Deed and the other Transaction Documents to which the Mortgages Trustee is a party, the Mortgages Trustee shall not, so long as it is acting as Mortgages Trustee hereunder:

- (a) create or permit to subsist any mortgage, standard security, pledge, lien, charge, assignation in security or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future;
- (b) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;
- (c) permit any person other than the Beneficiaries to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) have an interest in any bank account, other than, for the avoidance of doubt, as set out in the Transaction Documents;
- (e) carry on any business other than, for the avoidance of doubt, as described in this Deed and the Transaction Documents;
- (f) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

- (g) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) have any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises or subsidiaries;
- (i) issue any further shares;
- (j) acquire any assets other than, for the avoidance of doubt, pursuant to the terms of the Mortgage Sale Agreement and this Deed (whereby any New Portfolio shall be held by the Mortgages Trustee subject to the Mortgages Trust);
- (k) engage in any activities in the United States (directly or through agents) or derive any income from United States sources as determined under United States income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles, or
- (l) it shall not hold (and confirms that it has not held) any shares or other interest in any company (including, but not limited to, any interest in the capital, income or voting rights in any company).

23. POWER TO DELEGATE

23.1 Power to delegate

Subject to Clause 23.2 (No further appointments), the Mortgages Trustee may (notwithstanding any rule of law or equity to the contrary) delegate (revocably or irrevocably and for a limited or unlimited period of time) the performance of all or any of its obligations and the exercise of all or any of its powers under this Deed or imposed or conferred on it by law or otherwise to any person or body of persons fluctuating in number selected by it and any such delegation may be by power of attorney or in such other manner as the Mortgages Trustee may think fit and may be made upon such terms and conditions (including the power to sub-delegate) as the Mortgages Trustee may think fit.

23.2 No further appointments

Notwithstanding the provisions of Clause 23.1 (Power to delegate), the Mortgages Trustee shall not appoint any agent, attorney or other delegate having power to act in respect of the Trust Property unless it is directed in writing to do so by the Beneficiaries. Unless otherwise directed by the Beneficiaries, the appointment of any agent, attorney or other delegate shall terminate immediately upon the occurrence of a Trigger Event.

24. POWERS OF INVESTMENT

Save as expressly provided for in this Deed, the Mortgages Trustee Bank Account Agreement and the Cash Management Agreement, the Mortgages Trustee shall have no further or other powers of investment with respect to the Trust Property and neither the Trustee Act 2000 nor any other provision relating to trustee powers of investment implied by statute or general law shall apply to the Mortgages Trust and, for the avoidance of doubt, the statutory power to accumulate income conferred on trustees by Section 31 of the Trustee Act 1925 is expressly excluded.

25. OTHER PROVISIONS REGARDING THE MORTGAGES TRUSTEE

25.1 No action to impair Trust Property

Except for actions expressly authorised by this Deed, the Mortgages Trustee shall take no action reasonably likely to impair the interests of the Beneficiaries in any Trust Property now existing or hereafter created or to impair the value of any Loan or its Related Security subject to the Mortgages Trust.

25.2 Litigation

The Mortgages Trustee must not prosecute or defend any legal or other proceedings anywhere in the world (at the cost of the Trust Property) unless it obtains legal or other advice that it is in the interests of the Beneficiaries to do so.

25.3 No Implied Duties

The duties and obligations of the Mortgages Trustee under the Mortgages Trust shall be determined solely by the express provisions of this Deed (but without prejudice to the duties and obligations of the Mortgages Trustee under any of the other Transaction Documents). The Mortgages Trustee shall not be liable under this Deed except for the performance of such duties and obligations as shall be specifically set forth in this Deed. No implied covenants or obligations shall be read into this Deed against the Mortgages Trustee, and the permissible right of the Mortgages Trustee to do things set out in this Deed shall not be construed as a duty.

25.4 No Liability

Neither the Mortgages Trustee nor any Beneficiary shall be liable to each other, in the absence of wilful default, negligence or breach of the terms of this Deed, in respect of any loss or damage which arises out of the exercise or attempted or purported exercise or failure to exercise any of their respective powers.

25.5 Reliance on Certificates

The Mortgages Trustee may rely on, and shall be protected in acting on, or in refraining from acting in accordance with, any resolution, officer's certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented to it pursuant to the Transaction Documents or, as the case may be, the transaction documents applicable to any Further Funding Company, by the proper party or parties.

25.6 Reliance on Third Parties

The Mortgages Trustee may, in relation to these presents, act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, broker, accountant, financial adviser, securities dealer, merchant bank, computer consultant or other expert in the United Kingdom or elsewhere and shall not, provided that it shall not have acted fraudulently or in breach of any of the provisions of the Transaction Documents or, as the case may be, the transaction documents applicable to any Further Funding Company, be responsible for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telemessage, telex, cable, e-mail or facsimile device and the Mortgages Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error or shall not be authentic, provided that such error or lack of authenticity shall not be manifest.

26. NO RETIREMENT OF MORTGAGES TRUSTEE

26.1 No Retirement

The Mortgages Trustee shall not, and shall not purport to, retire as the trustee of the Mortgages Trust or appoint any additional trustee of the Mortgages Trust and shall have no power to retire or appoint any additional trustee under the Trustee Act 1925 or otherwise.

26.2 No Replacement

None of the Beneficiaries shall at any time remove or purport to remove and/or replace the Mortgages Trustee as the trustee of the Mortgages Trust.

26.3 No Termination

Prior to the payment by each Funding Company of all amounts owing under the Issuer Intercompany Loan or any New Intercompany Loan, none of the Beneficiaries shall at any time, except in accordance with the provisions of Clause 27 (Termination), terminate or purport to terminate the Mortgages Trust and, in particular, but without prejudice to the generality of the foregoing, each Beneficiary shall not in reliance on their absolute beneficial interests in the Trust Property call for the transfer to them or vesting in them of the legal estate or legal title in or to all or any part of the Trust Property.

27. TERMINATION

The Mortgages Trust shall terminate in respect of the Trust Property on the date on which there is no remaining Trust Property or, if earlier, the date on which:

- (a) the Funding 1 Share and the Share of each Further Funding Company is zero; or
- (b) the Beneficiaries collectively agree to terminate the Mortgage Trust (but the Beneficiaries mutually agree that such date shall not be earlier than the date upon which the amount outstanding under the Issuer Intercompany Loan Agreement and any New Intercompany Loan Agreement is repaid in full).

28. FURTHER ASSURANCES

The parties agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Deed.

29. MISCELLANEOUS

29.1 Amendments and Waivers

Subject to the Controlling Beneficiary Deed (as applicable) and (in the case of a Funding Company) the relevant Funding Company Deed of Charge, no amendment or waiver of any provision of this Deed shall be effective unless the same shall be in writing and signed by (or by some person duly authorised by) each of the parties to this Deed. In the case of a waiver, such waiver shall be effective only in the specific instance and as against the party or parties giving it for the specific purpose for which it is given. No single or partial exercise of, or failure or delay in exercising, any right under this Deed shall constitute a waiver or preclude any other or further exercise of that or any other right.

29.2 Consents

Each Funding Company and each Funding Security Trustee will exercise all rights, powers, benefits and/or discretions conferred on it under this Deed (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested hereunder) in accordance with the Controlling Beneficiary Deed (as applicable) and (in the case of a Funding Company) the relevant Funding Company Deed of Charge.

29.3 Entire Agreement

This Deed contains a final and complete integration of all prior expressions by the parties with respect to the subject matter of this Deed and constitutes the entire agreement among the parties with respect to the subject matter of this Deed superseding all prior oral or written understandings other than the other Transaction Documents.

29.4 Counterparts

This Deed may be executed (manually or electronically) in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

30. NON PETITION COVENANT

30.1 Each Beneficiary hereby agrees that it shall not petition for any winding-up, administration, insolvency or similar proceedings of, or take any other step to institute such proceedings against, the Mortgages Trustee, for so long as any sum is outstanding under the Issuer Intercompany Loan or any New Intercompany Loan for the duration of one year plus one day following the last day on which any such sum was outstanding.

30.2 Each Beneficiary and the Mortgages Trustee hereby agrees that it shall not petition for any winding-up, administration, insolvency or similar proceedings of, or take any other step to institute such proceedings against any Funding Company for so long as any sum is outstanding under the Issuer Intercompany Loan or any New Intercompany Loan for the duration of one year plus one day following the last day on which any such sum was outstanding.

31. NO PARTNERSHIP OR AGENCY

Nothing in this Deed shall be taken to constitute or create a partnership between any of the parties to this Deed or to make or appoint the Seller the agent of each Funding Company (or *vice versa*).

32. CALCULATIONS

In the absence of manifest or proven error, any determination or calculation made by or on behalf of the Mortgages Trustee in connection with the provisions of this Deed shall be deemed to be conclusive.

33. NO WAIVER; REMEDIES

No failure on the part of any party to this Deed to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies in this Deed are cumulative and not exclusive of any remedies provided by law.

34. SEVERABILITY

Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

35. TAX

- 35.1 Any payment by a Funding Company of a Contribution to increase its Share shall be inclusive of amounts in respect of VAT (if any).
- 35.2 Any payment by the Seller which would increase its Share shall be exclusive of amounts in respect of VAT (if any).
- 35.3 The Seller agrees that any stamp duty or stamp duty reserve tax in respect of any increase in the Funding Share and each Further Funding Company Share shall be payable by the Seller.

36. CONFIDENTIALITY

36.1 General Obligation of Confidentiality

Each party agrees to maintain the confidentiality of this Deed in its communications with third parties and otherwise. Unless otherwise required by applicable law, and subject to Clause 36.2 (Exceptions) below, each of the parties agrees not to disclose to any person any information relating to the business, finances or other matters of a confidential nature of or relating to any other party to this Deed or any of the Transaction Documents (or the transaction documents applicable to any Further Funding Company) which it may have obtained as a result of having entered into this Deed or otherwise.

36.2 Exceptions

The provisions of Clause 36.1 (General Obligation of Confidentiality) shall not apply:

- (a) to the disclosure of any information to any person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;
- (b) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient;
- (c) to the extent that the recipient is required to disclose the same pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Taxation authority;
- (d) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (e) to the disclosure of any information with the consent of the parties to this Deed;
- (f) to the disclosure to the Rating Agencies or any of them of such information as may be requested by any of them for the purposes of setting or reviewing the rating assigned to the Rated Notes or any rated debt instruments of a Funding Company (if applicable) then outstanding, provided that no information which would disclose the identity of a Borrower shall be disclosed to the Rating Agencies or any other nationally recognised statistical rating

organisation (as defined in the U.S. Credit Rating Agency Reform Act of 2006) to the extent required by, and subject to the certification conditions under, Rule 17g-5(a)(3) of the U.S. Securities Exchange Act of 1934;

- (g) to the disclosure of any information disclosed to a prospective assignee of Funding 1 (provided that it is disclosed on the basis that the recipient will hold it confidential on the same terms as this Clause 36 (Confidentiality)); or
- (h) to any disclosure for the purposes of collecting in or enforcing the Trust Property or any of it.

37. EXCLUSION OF THIRD PARTY RIGHTS

A person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 or the Contract (Third Party Rights) (Scotland) Act 2017, but this shall not affect any right or remedy of a third party which exists or is available apart from these Acts.

38. ADDRESSES FOR NOTICES

Any notices to be given pursuant to this Deed to any of the parties hereto shall be sufficiently served on such party if sent by prepaid first class post, by hand or e-mail and shall be deemed to be given (in the case of e-mail) when despatched, (where delivered by hand) on the day of delivery or (in the case of first class post) when it would be received in the ordinary course of the post.

PROVIDED THAT in the case of a notice received after 5.00 p.m. on a Business Day in the place of receipt, notice shall be deemed to be received on the next following Business Day in such place. Any notices to be given pursuant to this Deed shall be sent:

- (a) in the case of the Seller and the Cash Manager, to Santander UK plc, at 2 Triton Square, Regent's Place, London NW1 3AN (email to: MTF@santander.co.uk and treasurylegal@santander.co.uk) for the attention of Medium Term Funding and Treasury Legal;
- (b) in the case of the Mortgages Trustee, to Langton Mortgages Trustee (UK) Limited, 2 Triton Square, Regent's Place, London NW1 3AN (e-mail: directors-uk@intertrustgroup.com) for the attention of the Directors with a copy to Santander UK plc, at 2 Triton Square, Regent's Place, London NW1 3AN (e-mail to: MTF@santander.co.uk and treasurylegal@santander.co.uk) for the attention of Medium Term Funding and Treasury Legal;
- (c) in the case of Funding 1, to Langton Funding (No. 1) Limited, 1 Bartholomew Lane, London EC2N 2AX (telephone: +44 (0)20 7398 6300 and e-mail: directors-uk@intertrustgroup.com) for the attention of The Directors with a copy to Santander UK plc, at 2 Triton Square, Regent's Place, London NW1 3AN (e-mail to: MTF@santander.co.uk and treasurylegal@santander.co.uk) for the attention of Medium Term Funding and Treasury Legal;
- (d) in each case with a copy to the Funding 1 Security Trustee, Citicorp Trustee Company Limited Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (e-mail to: abs.mbsadmin@citi.com) for the attention of Agency and Trust,

or to such other address or e-mail address number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 38 (Addresses for Notices).

39. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 39.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.
- 39.2 Each party agrees that the courts of England shall have exclusive jurisdiction to settle any dispute (including, without limitation, claims for set-off and counterclaim) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by or pursuant to this Deed (and any non-contractual obligations arising out of or in connection with it) and the Master Definitions and Construction Schedule to the extent that it is incorporated in this Deed and for such purposes irrevocably submits to the jurisdiction of the courts of England.
- 39.3 Each of the parties hereto:
- (a) waives any objection to the choice of or submission to the courts of England on the grounds of inconvenient forum or otherwise as regards proceedings in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and the Master Definitions and Construction Schedule to the extent that it is incorporated in this Deed; and
 - (b) agrees that a judgment, declaration or order (whether interim or final) of a court of England is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

40. EXCLUSION OF TRUSTEE ACT 2000

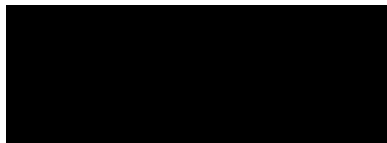
The Trustee Act 2000 is hereby excluded to the maximum extent permissible, to the intent that it shall not apply to the trusts constituted by this Deed and that the parties shall be in the same position as they would be had that Act not come into force.

IN WITNESS of which this Deed has been executed by the parties hereto as a deed which has been delivered on the date first appearing on page one.

SIGNATORIES

Seller, Beneficiary and Cash Manager

EXECUTED as a DEED by)
SANTANDER UK PLC)
acting by its duly authorised attorney)

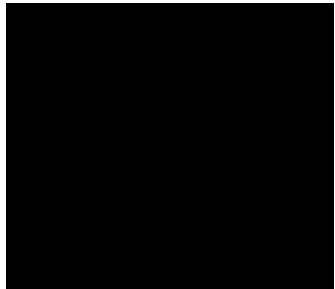


in the presence of

Witness' signature:

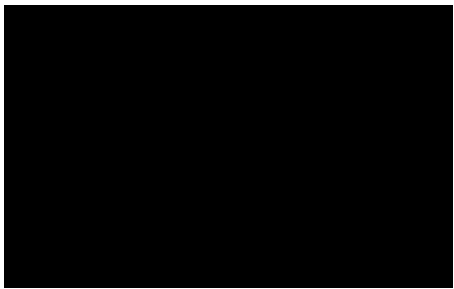
Name:

Address:



Funding 1 and Beneficiary

EXECUTED as a DEED by)
LANGTON FUNDING (NO. 1) LIMITED)
per pro Intertrust Directors 1 Limited, as Director and)
per pro Intertrust Directors 2 Limited, as Director)



Mortgages Trustee

EXECUTED as a DEED by)
LANGTON MORTGAGES TRUSTEE)
(UK) LIMITED,)
per pro Intertrust Directors 1 Limited, as Director and)
per pro Intertrust Directors 2 Limited, as Director)

