

**FURTHER AMENDED AND RESTATED  
MORTGAGES TRUST DEED**

**12 MAY 2023**

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

**and**

**HOLMES FUNDING LIMITED**  
**(as Funding and a Beneficiary)**

**and**

**HOLMES TRUSTEES LIMITED**  
**(as Mortgages Trustee)**

**and**

**WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**  
**(as Share Trustee)**

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**THIS FURTHER AMENDED AND RESTATED MORTGAGES TRUST DEED** is made on 12 May 2023

**BETWEEN:**

- (1) **SANTANDER UK PLC** (registered number 02294747), 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 capacity as Seller, a Beneficiary and Cash Manager;
- (2) **HOLMES FUNDING LIMITED** (registered number 03982428), 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 Funding and a Beneficiary;
- (3) **HOLMES TRUSTEES LIMITED** (registered number 03982431), 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
- (4) **WILMINGTON TRUST SP SERVICES (LONDON) LIMITED** (registered number 02548079), a private limited company incorporated under the laws of England and Wales whose registered office is at Third Floor, 1 King's Arms Yard, London EC2R 7AF in its capacity as Share Trustee.

**WHEREAS:**

- (A) Wilmington Trust SP Services (London) Limited (formerly known as SPV Management Limited) agreed to constitute the Mortgages Trust in favour of Funding and the Seller on the terms and subject to the conditions set out in the Mortgages Trust Deed dated 25 July 2000 (as amended and/or restated from time to time, the **Mortgages Trust Deed**).
- (B) The Mortgages Trustee agreed to hold the Trust Property as trustee for the Beneficiaries upon, with and subject to the trusts, powers and provisions of the Mortgages Trust Deed.
- (C) The Seller carries on the business of, *inter alia*, originating residential first mortgage loans to individual Borrowers in England, Wales and Scotland and of managing and administering such mortgage loans. The Seller assigned an initial portfolio of such mortgage loans on 26 July 2000 and new portfolios of such mortgages loans on subsequent dates to the Mortgages Trustee pursuant to the Mortgage Sale Agreement, and the resulting aggregate portfolio is held by the Mortgages Trustee as trustee for the Beneficiaries upon, with and subject to the trusts, powers and provisions of the Mortgages Trust Deed.
- (D) On 29 November 2000, the parties to the Mortgages Trust Deed agreed to amend the terms of the Mortgages Trust Deed as set out in an Amendment Agreement to the Mortgages Trust Deed to provide for repayment by Funding of its obligations in respect of certain term advances known as Scheduled Amortisation Term Advances.
- (E) On 23 May 2001, the parties to the Mortgages Trust Deed again agreed to amend the terms of the Mortgages Trust Deed as set out in the Second Deed of Amendment to the Mortgages Trust Deed to exclude application of the Trustee Act 2000.
- (F) On 5 July 2001, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.

- (G) On 8 November 2001, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (H) On 7 November 2002, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (I) On 26 March 2003, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (J) On 1 April 2004, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (K) On 8 December 2005, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (L) On 28 November 2006, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (M) On 20 June 2007, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (N) On 20 March 2008, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (O) On 19 December 2008, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (P) On 16 July 2009, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (Q) On 8 October 2010, the parties to Mortgages Trust agreed to supplement the Mortgages Trust Deed, as set out in the Supplemental Mortgages Trust Deed of the same date.
- (R) On 12 November 2010, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Amended and Restated Mortgages Trust Deed of the same date.
- (S) On 8 June 2012, the parties to the Mortgages Trust Deed agreed to further supplement the Mortgages Trust Deed, as set out in the Second Supplemental Mortgages Trust Deed of the same date.
- (T) On 29 June 2012, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.

- (U) On 28 August 2012, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (V) On 7 March 2013, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (W) On 30 May 2013, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (X) On 29 August 2013, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (Y) On 18 December 2014, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (Z) On 18 April 2016, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (AA) On 24 May 2019, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (BB) On 21 April 2020, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (CC) On 30 June 2021, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (DD) On 24 May 2022, the parties to the Mortgages Trust Deed agreed to amend and restate the terms of the Mortgages Trust Deed as set out in the Further Amended and Restated Mortgages Trust Deed of the same date.
- (EE) The parties to the Mortgages Trust Deed have again agreed to amend and restate the terms of the Mortgages Trust Deed as set out herein and, as indicated herein, certain of the amendments shall only take effect on and from the Existing Outstanding Notes Final Redemption Date.

**NOW THIS DEED WITNESSES:**

**1. DEFINITIONS AND CONSTRUCTION**

- 1.1 The Twentieth Amended and Restated Master Definitions and Construction Schedule signed for the purposes of identification by Allen & Overy LLP and Ashurst LLP on or about the date hereof (as the same may be amended, varied or supplemented from time to time) and the Twenty-First Amended and Restated Master Issuer Master Definitions and Construction Schedule signed for the purposes of identification by Allen & Overy LLP and Ashurst LLP on or about the date hereof (as the same may be amended, varied or supplemented from time to

time) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Twentieth Amended and Restated Master Definitions and Construction Schedule and the Twenty-First Amended and Restated Master Issuer Master Definitions and Construction Schedule (as so amended, varied or supplemented 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 2 of the Twentieth Amended and Restated Master Definitions and Construction Schedule and Clause 2 of the Twenty-First Amended and Restated Master Issuer Master Definitions and Construction Schedule. In the event of a conflict between the Twentieth Amended and Restated Master Definitions and Construction Schedule and the Twenty-First Amended and Restated Master Issuer Master Definitions and Construction Schedule, the Twenty-First Amended and Restated Master Issuer Master Definitions and Construction Schedule shall prevail.

- 1.2 This Deed amends and restates the Mortgages Trust Deed made on 25 July 2000 between the parties hereto as amended, restated and/or supplemented on 29 November 2000, 23 May 2001, 5 July 2001, 8 November 2001, 7 November 2002, 26 March 2003, 1 April 2004, 8 December 2005, 28 November 2006, 20 June 2007, 20 March 2008, 19 December 2008, 16 July 2009, 8 October 2010, 12 November 2010, 8 June 2012, 29 June 2012, 28 August 2012, 7 March 2013, 30 May 2013, 29 August 2013, 18 December 2014, 18 April 2016, 24 May 2019, 21 April 2020, 30 June 2021 and 24 May 2022 (the **Principal Deed**). Save as amended or modified by this Deed, the Principal Deed shall continue in full force and effect but on the basis that its terms are, as from the date of this Deed, those set out in this Deed.

## **2. CREATION OF MORTGAGES TRUST**

### **2.1 Initial Trust Property**

On 25 July 2000, Wilmington Trust SP Services (London) Limited (formerly known as SPV Management Limited) settled on trust the sum of £100 (the **Initial Trust Property**) to be held on trust absolutely as to both capital and income by the Mortgages Trustee for the benefit, as tenants in common, of the Seller as to the Initial Seller Share Percentage and Funding as to the Initial Funding Share Percentage.

### **2.2 Initial Closing Trust Property**

Pursuant to the provisions of the Mortgage Sale Agreement, the Seller assigned the Initial Closing Trust Property on the Initial Closing Date.

### **2.3 Future Trust Property**

From time to time and pursuant to the Mortgage Sale Agreement, the Seller has assigned and intends to assign Future Trust Property to the Mortgages Trustee.

### **2.4 Trust Property**

Subject to **Clause 3**, the Mortgages Trustee shall hold the Trust Property as to both capital and income on trust absolutely for Funding (as to the Funding Share Percentage) and for the Seller (as to the Seller Share Percentage) as beneficial tenants in common upon, with and subject to all the trusts, powers and provisions of this Deed.

## **2.5 Other Trust Property**

The **Trust Property** means the Initial Trust Property, the Initial Closing Trust Property, the Closing Trust Property and any Future Trust Property and shall also include:

- (a) any increase in the Outstanding Principal Balance of the Loans in the Portfolio due to Capitalised Interest, Capitalised Expenses, Capitalised Arrears, or a Borrower making drawings under Flexible Loans, taking into account any adjustments (but not deemed adjustments) as set out in **Clause 8.4**;
- (b) any Revenue Receipts and Principal Receipts on the Loans in the Portfolio prior to their distribution pursuant to **Clause 10** (Allocation and Distribution of Revenue Receipts) and **Clause 11** (Allocation and Distribution of Mortgages Trust Available Principal Receipts) respectively;
- (c) any other amounts received under or in respect of the Loans and their Related Security on or after the Programme Date (excluding Third Party Amounts), including the proceeds of any sale of the Loans and their Related Security and any proceeds of sale of any other Trust Property;
- (d) rights under any insurance policies of which the Mortgages Trustee has the benefit;
- (e) amounts on deposit in the Mortgages Trustee GIC Account (or in any Alternative Accounts) and interest earned thereon; and
- (f) any other property representing Initial Trust Property, Future Trust Property or (a) to (e) above from time to time.

## **3. CONDITIONS PRECEDENT**

3.1 The Initial Trust Property is held by the Mortgages Trustee on the Mortgages Trust.

3.2 The Initial Closing Trust Property shall be held by the Mortgages Trustee on the Mortgages Trust upon the satisfaction of the following conditions precedent:

- (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; and
- (c) payment by Funding to the Seller of the Initial Consideration on account of and in satisfaction of the Mortgages Trustee's obligations under Clause 4.4 of the Mortgage Sale Agreement.

3.3 Any Future Trust Property shall be held by the Mortgages Trustee on the Mortgages Trust subject to satisfaction of the conditions set out in Clause 4.1 of the Mortgage Sale Agreement for the transfer of New Loans and their New Related Security to the Mortgages Trustee.

## **4. ACQUISITION BY FUNDING OF AN INCREASED INTEREST IN THE TRUST PROPERTY**

### **4.1 Offer to assign and conditions to assignment**

On not more than 60 nor less than 30 days' written notice, Funding may offer to make a payment to the Seller to acquire an interest in the Trust Property with the effect of increasing the Funding Share and to cause a corresponding decrease in the Seller Share on the Distribution Date

specified in that notice. Such offer shall only be valid if the following conditions precedent are satisfied on the relevant Distribution Date:

- (a) the Principal Deficiency Ledger does not have a debit balance (which remains outstanding) as at the most recent Interest Payment Date (excluding a debit balance recorded on the NR Principal Deficiency Sub Ledger and/or on the Funding Loan Principal Deficiency Sub Ledger, as the case may be);
- (b) no Note Event of Default or Intercompany Loan Event of Default shall have occurred which is continuing or unwaived as at the relevant Distribution Date;
- (c) the Security Trustee is not aware that the proposed acquisition would adversely affect the then current credit ratings assigned by the Rating Agencies (or any of them) to any of the Rated Notes;
- (d) the relevant Notes have been issued by the relevant Issuer, the subscription proceeds received on behalf of the relevant Issuer and advanced by the relevant Issuer to Funding pursuant to an Intercompany Loan Agreement, the proceeds of which will be applied by Funding to make the payment referred to in the notice on the relevant Distribution Date;
- (e) Funding has entered into, if necessary, a New Start-up Loan, any new variable rate swap, new fixed floating rate swap and/or new tracker rate swap and adjustments have been made, if required, to the First Reserve Fund;
- (f) receipt of a solvency certificate from the Seller in form and content acceptable to the Mortgagees Trustee, Funding and the Security Trustee;
- (g) the aggregate Outstanding Principal Balance of Loans comprised in 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 per cent. of the aggregate Outstanding Principal Balance of all Loans comprised in the Trust Property;
- (h) unless otherwise agreed by Moody's, Standard and Poor's or Fitch, as the case may be, the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Seller are rated at least P-2 by Moody's and A-2 by Standard and Poor's and its short term "Issuer Default Rating" is at least F2 by Fitch at the time of, and immediately following, the proposed acquisition;
- (i) the product of the WAFF and WALs for the Loans comprised in the Trust Property calculated on the immediately preceding Trust Calculation Date in accordance with Standard and Poor's methodology does not exceed the product of the WAFF and WALs for the Loans comprised in the Trust Property calculated on the most recent previous Closing Date, plus 0.25 per cent.;
- (j) the Moody's Portfolio Variation Test of the Loans in the Portfolio as calculated on the immediately preceding Trust Calculation Date does not exceed the most recently determined Moody's Portfolio Variation Test Value as calculated in relation to the Loans in the Portfolio as at the most recent date on which Moody's performed a full pool analysis on the Portfolio (not to be less frequent than annually) plus 0.3 per cent.; and
- (k) the First Reserve Fund has not been debited on or before the relevant Distribution Date for the purposes of curing a Principal Deficiency in respect of the Term Advances



(other than in respect of the Term NR Advances) in circumstances where the First Reserve Fund has not been replenished by a corresponding amount by the relevant Distribution Date.

Funding may not offer to make a payment to the Seller in consideration for an increase in the Funding Share after any Interest Payment Date on which any Issuer (including any New Issuer) does not exercise its option to redeem the Notes or any New Notes issued by it pursuant to the Terms and Conditions of such Notes or, as the case may be, any New Notes (but only where such right of redemption arises on or after a particular specified date, with the consequence of an increase in the interest accrued on such Notes from such date if the Notes are not redeemed) and not as a result of the occurrence of any other event specified in the Terms and Conditions.

Notwithstanding the foregoing, if Funding borrows a loan pursuant to a drawdown under the Funding Loan on or prior to a Distribution Date, Funding will offer to make a payment to the Seller to acquire an interest in the Trust Property (with the effect of increasing the Funding Share and to cause a corresponding decrease in the Seller Share on that Distribution Date in an amount equal to the amount of such drawdown).

#### **4.2 Completion of assignment**

Subject to satisfaction of the conditions precedent set out in **Clause 4.1** above (if applicable) and to acceptance of that offer by the Seller, Funding shall pay to the Seller an amount equal to the increase in the Funding Share and, on the date of such payment, the Funding Share shall increase by a corresponding amount, and the Seller Share shall decrease by the same amount in accordance with **Clause 8.3(b)** and **Clause 8.6 below**.

#### **4.3 Audit of Loans constituting the Trust Property**

If the long term, unsecured, unguaranteed and unsubordinated debt obligations of the Seller fall below A3 by Moody's, then the Beneficiaries shall appoint a firm of independent auditors to determine, based on a random selection of a representative sample of Loans and their Related Security constituting part of the Trust Property, whether such Loans and their Related Security complied with the representations and warranties set out in schedule 1 of the Mortgage Sale Agreement as at the date such Loans were assigned to the Mortgages Trustee. The costs of such independent auditors shall be borne by the Beneficiaries *pro rata* according to their respective current percentage shares in the Trust Property.

#### **4.4 Tax**

- (a) Any payment by Funding to the Seller to acquire an interest in the Trust Property shall be inclusive of any amount in respect of applicable VAT (if any).
- (b) Any stamp duty, stamp duty land tax or stamp duty reserve tax in respect of any acquisition of Trust Property shall be payable by the Seller.

### **5. ACQUISITION BY SELLER OF AN INTEREST RELATING TO CAPITALISED INTEREST**

- 5.1 On each Trust Calculation Date, any increase in the Outstanding Principal Balance due to Capitalised Arrears, Capitalised Expenses, Capitalised Interest (other than Capitalised Interest in respect of any Loan that is subject to an Extraordinary Payment Holiday) or a Borrower making drawings under Flexible Loans in the immediately preceding Trust Calculation Period will be allocated to the Funding Share and to the Seller Share, based on (respectively) the Funding Share Percentage and the Seller Share Percentage in the Trust Property as calculated

on the previous Trust Calculation Date, or, if one or more Interim Trust Recalculation Events have occurred during the Trust Calculation Period immediately preceding such Trust Calculation Date, based on (respectively) the Weighted Average Funding Share (Principal) Percentage and the Weighted Average Seller Share (Principal) Percentage calculated on such Trust Calculation Date.

- 5.2 Prior to an Insolvency Event occurring in respect of the Seller, on each Distribution Date:
- (a) the Seller shall make a cash payment to Funding in an amount equal to Funding's share of the Capitalised Arrears, Capitalised Expenses, Capitalised Interest (other than Capitalised Interest in respect of any Loan that is subject to an Extraordinary Payment Holiday) and/or a Borrower making drawings under Flexible Loans allocated to Funding under **Clause 5.1** above arising during the Trust Calculation Period immediately preceding the current Distribution Date in respect of those Loans that are subject to Payment Holidays (other than Extraordinary Payment Holidays) or Underpayments. In consideration for the making of such payment, on the Trust Calculation Date immediately preceding such Distribution Date, the Seller Share will increase by an amount equal to the amount paid to Funding for Funding's share of the Capitalised Arrears, Capitalised Expenses, Capitalised Interest (other than Capitalised Interest in respect of any Loan that is subject to an Extraordinary Payment Holiday) and/or a Borrower making drawings under Flexible Loans, as applicable, and the Funding Share will decrease by a corresponding amount, and the Seller Share Percentage and the Funding Share Percentage shall be adjusted in accordance with **Clause 8**. The cash payment shall be made in accordance with **Clause 5.4** below; and
  - (b) the Seller shall make a cash payment to Funding in an amount equal to that part of any Extraordinary Payment Holiday Shortfall Amount that has been capitalised during the Trust Calculation Period immediately preceding the current Distribution Date. In consideration for the making of such payment and the payment by the Seller of any Extraordinary Payment Holiday Adjustment Amount pursuant to **Clause 10.4 below**, the Seller Share will increase by an amount equal to any Capitalised Interest arising during the immediately preceding Trust Calculation Period in respect of those Loans that are subject to Extraordinary Payment Holidays and the Seller Share Percentage shall be adjusted in accordance with **Clause 8**. The cash payment shall be made in accordance with **Clause 5.4** below.
- 5.3 If an Insolvency Event occurs in respect of the Seller, then the Seller may make payment to Funding in respect of any Extraordinary Payment Holiday Shortfall Amount and/or its share of the Capitalised Interest in the same manner as is contemplated in **Clause 5.2**, but it is not obliged to do so.
- 5.4 In respect of the cash payment to be made by the Seller pursuant to **Clause 5.2**, the Seller hereby directs the Mortgages Trustee to deduct from the Seller's share of the Mortgages Trustee Available Revenue Receipts (allocated to the Seller pursuant to **Clause 10.2**) an amount equal to such cash payment and to pay the same to Funding in satisfaction of the Seller's obligations under **Clause 5.2**. To the extent that the Seller's share of the Mortgages Trustee Available Revenue Receipts is less than the amount required to be paid by it pursuant to **Clause 5.2**, then the Seller shall pay an amount equal to the shortfall directly to Funding from its own resources.
- 5.5 Any payment by the Seller pursuant to **Clause 5.2** shall be exclusive of any amount in respect of applicable VAT (which shall be paid by the Seller in addition to payments made pursuant to **Clause 5.2**).

## **6. PAYMENT BY THE SELLER TO FUNDING OF THE AMOUNT OUTSTANDING UNDER AN INTERCOMPANY LOAN**

### **6.1 Conditions precedent to Refinancing Contributions**

Funding may accept any offer by the Seller to pay the amount outstanding under any Term Advance under an Intercompany Loan or the Funding Loan, but only if:

- (a) Funding would receive the payment from the Seller on a Distribution Date (together with VAT, if payable);
- (b) Funding will, and is entitled under the terms of that Intercompany Loan or the Funding Loan (as the case may be) to, apply the proceeds of the payment to repay the relevant Term Advance under that Intercompany Loan or the Funding Loan (as the case may be) and, in respect of a Term Advance, the relevant Issuer has confirmed to Funding that on the next succeeding Interest Payment Date for the corresponding class(es) of Notes it will use the proceeds of the relevant payment to repay the corresponding amount(s) of the corresponding class(es) of Notes and that, if applicable, the Issuer has exercised one of its rights to redeem the corresponding class(es) of Notes; and
- (c) for the avoidance of doubt, the offer shall not, under any circumstances, exceed the aggregate principal amount of all debt obligations of Funding then outstanding.

### **6.2 Adjustment to shares if offer accepted**

If Funding accepts the offer as described in **Clause 6.1 above** and the Seller makes the appropriate payment on a Distribution Date, then, on the date of such payment, the Funding Share shall decrease by an amount corresponding to the amount paid by the Seller and the Seller Share shall increase by the same amount in accordance with **Clause 8.2** and **Clause 8.5** below. The Seller Share Percentage and the Funding Share Percentage shall be adjusted accordingly.

## **7. INITIAL FUNDING SHARE AND INITIAL SELLER SHARE**

### **7.1 Initial Funding Share**

The Funding Share at 25 July 2000 was £35.25 and the Initial Funding Share at the Initial Closing Date was £2,256,000,035.25. The **Initial Funding Share Percentage** was the Initial Funding Share expressed as a percentage of the Trust Property at the Initial Closing Date, that is to say, 35.25 per cent.

### **7.2 Initial Seller Share**

As at 25 July 2000, the Seller Share was £64.75. The **Initial Seller Share** was the sum which remained of the Trust Property at the Initial Closing Date after deduction of the Initial Funding Share. The **Initial Seller Share Percentage** was equal to 100 per cent. minus the Initial Funding Share Percentage, that is to say, 64.75 per cent. The amount of the Initial Seller Share and the Initial Seller Share Percentage was determined on the Initial Closing Date.

### **7.3 Rounding of percentage shares**

Except for the Initial Closing Date (and unless otherwise agreed by the Beneficiaries), the Funding Share Percentage and the Seller Share Percentage shall be calculated to five decimal places.

## 8. ADJUSTMENT OF FUNDING SHARE PERCENTAGE AND SELLER SHARE PERCENTAGE

### 8.1 Dates for calculations and distributions

- (a) On each of the following dates, the Funding Share Percentage and Seller Share Percentage shall be recalculated by the Cash Manager (on behalf of the Mortgages Trustee and the Beneficiaries) based on the aggregate Outstanding Principal Balance of the Loans constituting the Trust Property (as adjusted from time to time) as at the close of business on the last day of the immediately preceding Trust Calculation Period (in the case of paragraph (i) below) or Interim Trust Calculation Period (in the case of paragraph (ii) below):
- (i) each Trust Calculation Date; and
  - (ii) each date during a Trust Calculation Period on which (i) any Refinancing Contribution is made by the Seller to Funding pursuant to **Clause 6** above, (ii) any consideration (excluding Deferred Consideration) is paid by Funding to the Seller in relation to any New Loans assigned to the Mortgages Trustee pursuant to Clause 4 of the Mortgage Sale Agreement, (iii) any consideration (excluding Deferred Consideration) is paid by Funding to the Seller in relation to any acquisition by Funding from the Seller of an interest in the Trust Property pursuant to **Clause 4** above, or (iv) (on or following the Existing Outstanding Notes Final Redemption Date only) a Loan Repurchase Date on which the Seller repurchases Seller Share Repurchase Loans pursuant to Clause 8.7(e) (Optional Repurchase Events) of the Mortgage Sale Agreement,  
  
(each an **Interim Trust Recalculation Event**).
- (b) When the Cash Manager recalculates the Funding Share Percentage and the Seller Share Percentage on a Trust Calculation Date, that recalculation will (subject to the following sentence) apply for the then current Trust Calculation Period (commencing on the first day of the calendar month in which such Trust Calculation Date occurs). If, during such Trust Calculation Period, an Interim Trust Recalculation Event occurs, the recalculation made by the Cash Manager on the date of such Interim Trust Recalculation Event (each, an **Interim Trust Calculation Date**) will only apply from (and including) such Interim Trust Calculation Date to (and including) the end of that Trust Calculation Period or, if a further Interim Trust Recalculation Event occurs prior to the last day of that Trust Calculation Period, to (but excluding) such further Interim Trust Calculation 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 Revenue Receipts and Principal Receipts in accordance with **Clauses 10** and **11** hereof.
- (d) In addition to the calculation set out in **Clause 8.1(a)** above, on each Trust Calculation Date, the Cash Manager shall determine the maximum total amount (the **Maximum Seller Share Permitted Reduction Amount**) that may be deducted from the Outstanding Principal Balance of all the Loans constituting the Trust Property as at such Trust Calculation Date, equal to:

$$W = X - \frac{Y}{(1 - Z)}$$

where:

W = Maximum Seller Share Permitted Reduction Amount;

X = the aggregate Outstanding Principal Balance of all the Loans constituting the Trust Property as at such Trust Calculation Date;

Y = the Current Funding Share as at such Trust Calculation Date deducting therefrom, for the avoidance of doubt, the amount of any Principal Receipts to be distributed to Funding on the following Distribution Date; and

Z = the sum of: (i) the Minimum Seller Share as determined on such Trust Calculation Date in accordance with **Clause 9** hereof; expressed as a percentage of the Outstanding Principal Balance of all the Loans in the Trust Property on such Trust Calculation Date *plus* any Retained Principal Receipts (as adjusted in accordance with the calculation of "G" as set out in **Clauses 8.2 and 8.4 below**) (calculated to an accuracy of five decimal places (rounded upwards)); and (ii) 5%.

- (e) For the avoidance of doubt, notwithstanding the calculation in **Clause 8.1(d)** above on each Trust Calculation Date, no adjustments shall be made to the calculation of the Funding Share Percentage and Seller Share Percentage on such date and any adjustments shall only be made on the Interim Trust Calculation Date on which an Interim Trust Recalculation Event occurs pursuant to **Clause (a)(ii)**.
- (f) Notwithstanding any other provision of this Deed, the parties hereto acknowledge and agree that **Clause 8.1(d)** and **Clause 8.1(e)** above shall only be effective from (and including) the Existing Outstanding Notes Final Redemption Date

## 8.2 Current Funding Share Percentage

- (a) On each Trust Calculation Date (the **Relevant Trust Calculation Date**), the **Current Funding Share Percentage** will be recalculated and the recalculated amount will take effect for the then current Trust Calculation Period or, if an Interim Trust Recalculation Event occurs prior to the last day of that Trust Calculation Period, until (but excluding) the relevant Interim Trust Calculation Date and will, in each case, 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 Current Funding Share as at the immediately preceding Trust Calculation Date;

B = the sum of (i) the amount of any Principal Receipts to be distributed to Funding on the following Distribution Date as calculated on the Relevant Trust Calculation Date in accordance with the provisions described in **Clause 11 below** and (ii) any Refinancing Contribution made by the Seller to Funding in the immediately preceding Trust Calculation Period;

C = the amount of any Losses sustained on the Loans in the immediately preceding Trust Calculation Period and allocated to Funding (based on the Funding Share Percentage thereof calculated on the immediately preceding Trust Calculation Date) in the Trust

Calculation Period immediately preceding the Relevant Trust Calculation Date and the amount of any reductions occurring in respect of the Loans as described in **paragraphs (i) to (v) of Clause 8.4(a)** allocated to Funding in the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date;

D = an amount equal to any consideration (excluding Deferred Consideration) to be paid by Funding to the Seller in relation to any New Loans to be assigned to the Mortgages Trustee in the immediately preceding Trust Calculation Period;

E = an amount equal to any consideration (excluding Deferred Consideration) to be paid by Funding to the Seller in relation to any acquisition by Funding from the Seller in the immediately preceding Trust Calculation Period of an interest in the Trust Property;

F = an amount equal to the portion of any Capitalised Interest (other than Capitalised Interest in respect of any Loan that is subject to an Extraordinary Payment Holiday), Capitalised Expenses and Capitalised Arrears accrued on the Loans or a Borrower making drawings under Flexible Loans in the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date which is allocated to the Funding Share in accordance with **Clause 5.1**, less the amount of any payment to be made by the Seller to Funding pursuant to **Clauses 5.2 or 5.3**, as the case may be, in respect of such portion of Capitalised Interest, Capitalised Expenses, Capitalised Arrears and/or additional drawings under Flexible Loans; and

G = the amount of the Retained Principal Receipts (if any) plus the aggregate Outstanding Principal Balance of all the Loans constituting the Trust Property as at the Relevant Trust Calculation Date including after making the distributions, allocations and additions referred to in (B), (C), (D), (E) and (F) above, and after taking account of (but without double counting) (i) any distributions of Principal Receipts to be made on the immediately following Distribution Date to Funding and the Seller as calculated on the Relevant Trust Calculation Date; (ii) the amount of any Losses allocated to Funding and the Seller; (iii) any increase in the Loan balances due to Capitalised Interest, Capitalised Expenses and Capitalised Arrears or Borrowers taking Payment Holidays or, as the case may be, Extraordinary Payment Holidays, making Underpayments or additional drawings under Flexible Loans; (iv) any Refinancing Contributions made by the Seller or the Mortgages Trustee on behalf of the Seller in the immediately preceding Trust Calculation Period; (v) the adjustments referred to in **paragraphs 8.4(a)(i) to 8.4(a)(v)** (inclusive) below (or, if the Seller Share is zero, the adjustments referred to in **paragraph (a)(i)** only); and (vi) the amount of any other additions or subtractions to the Trust Property during the immediately preceding Trust Calculation Period.

(b) On each Interim Trust Calculation Date (the **Relevant Interim Trust Calculation Date**), the Current Funding Share Percentage will be recalculated by the Cash Manager and will, in each case, be an amount, expressed as a percentage (calculated to an accuracy of five decimal places (rounded upwards)), equal to:

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

where:

A = the Current Funding Share as determined on the later of the immediately preceding Trust Calculation Date and any subsequent Interim Trust Calculation Date immediately preceding the Relevant Interim Trust Calculation Date;

- B = the amount of any Refinancing Contribution made by the Seller to Funding on the Relevant Interim Trust Calculation Date;
- D = the amount of any consideration (excluding Deferred Consideration) paid by Funding to the Seller in relation to any New Loans to be assigned to the Mortgages Trustee on the Relevant Interim Trust Calculation Date;
- E = the amount of any consideration (excluding Deferred Consideration) to be paid by Funding to the Seller in relation to any acquisition by Funding from the Seller on the Relevant Interim Trust Calculation Date of an interest in the Trust Property; and
- G = (a) (prior to the Existing Outstanding Notes Final Redemption Date), the sum of (i) the aggregate Outstanding Principal Balance of all the Loans constituting the Trust Property as at the later of the immediately preceding Trust Calculation Date or any subsequent Interim Trust Calculation Date immediately preceding the Relevant Interim Trust Calculation Date, and (ii) the aggregate Outstanding Principal Balance of New Loans sold to the Mortgages Trustee on the Relevant Interim Trust Calculation Date; or (b) (from and including the Existing Outstanding Notes Final Redemption Date) an amount equal to (i) the aggregate Outstanding Principal Balance of all the Loans constituting the Trust Property as at the later of the immediately preceding Trust Calculation Date or any subsequent Interim Trust Calculation Date immediately preceding the Relevant Interim Trust Calculation Date, plus (ii) the aggregate Outstanding Principal Balance of any New Loans sold to the Mortgages Trustee on the Relevant Interim Trust Calculation Date, minus (iii) the aggregate Outstanding Principal Balance of any Seller Share Repurchase Loans repurchased from the Mortgages Trustee on the Relevant Interim Trust Calculation Date, as applicable.

### 8.3 Funding Share

- (a) The **Current Funding Share** on each Trust Calculation Date 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 8.2(a)** above.

- (b) On any Trust Calculation Date in respect of which an Interim Trust Recalculation Event 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 and allocating the Losses to be applied on the immediately succeeding Distribution Date) the weighted average of the Current Funding 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 sustained during each of the Interim Trust Calculation Periods falling in the immediately preceding Trust Calculation Period. The **Weighted Average Funding Share Percentages** on any such Trust Calculation Date will be equal to:
- (i) in respect of the distribution of Revenue Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Funding Share (Revenue) Percentage**), the sum, in respect of each Interim Trust Calculation Period falling in the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:

- (A) the product of:
- I. the Current Funding Share Percentage for that Interim Trust Calculation Period; and
  - II. the amount of all Revenue Receipts received by the Mortgages Trustee during that Interim Trust Calculation Period;
- divided by:**
- (B) the aggregate of all Revenue Receipts received by the Mortgages Trustee during the Trust Calculation Period immediately preceding that Trust Calculation Date;
- (ii) in respect of the distribution of Principal Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Funding Share (Principal) Percentage**), the sum, in respect of each Interim Trust Calculation Period falling in the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:
- (A) the product of:
- I. the Current Funding Share Percentage for that Interim Trust Calculation Period; and
  - II. the amount of all Principal Receipts received by the Mortgages Trustee during that Interim Trust Calculation Period;
- divided by:**
- (B) the aggregate of all Principal Receipts received by the Mortgages Trustee during the Trust Calculation Period immediately preceding that Trust Calculation Date; and
- (iii) in respect of the allocation of Losses to be applied on the immediately succeeding Distribution Date (the **Weighted Average Funding Share (Losses) Percentage**), the sum, in respect of each Interim Trust Calculation Period falling in the Trust Calculation Period immediately preceding the relevant Trust Calculation Date, of:
- (A) the product of:
- I. the Current Funding Share Percentage for that Interim Trust Calculation Period; and
  - II. the amount of all Losses sustained on the Loans during that Interim Trust Calculation Period;
- divided by:
- (B) the aggregate of all Losses sustained on the Loans during the Trust Calculation Period immediately preceding that Trust Calculation Date.



## 8.4 Adjustments to Trust Property

- (a) On each Trust Calculation Date or Interim Trust Calculation Date, the aggregate Outstanding Principal 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" above if any of the following events has occurred in the immediately preceding Trust Calculation Period or, as applicable, Interim Trust Calculation Period:
- (i) any Borrower exercises a right of set-off in relation to Loans constituting 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 total amount of the Trust Property shall be reduced by an amount equal to the amount set-off; and/or
  - (ii) a Loan or (as applicable) its Related Security (i) does not comply with the Loan Warranties in the Mortgage Sale Agreement or (ii) is the subject of another obligation of the Seller to repurchase (including, for the avoidance of doubt, any obligation to repurchase pursuant to Clause 7.4 of the Mortgage Sale Agreement), and if the Seller fails to repurchase the Loan or Loans under the relevant Mortgage Account and their Related Security as required by the terms of the Mortgage Sale Agreement, then the Trust Property shall be deemed to be reduced for the purposes of the calculation in "G" above by an amount equal to the Outstanding Principal Balance of the relevant Loan or Loans under the relevant Mortgage Account together with Arrears of Interest and Accrued Interest; and/or
  - (iii) the Seller would be required to repurchase a Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement, but such Loan and its Related Security are not capable of repurchase, in which case the Trust Property shall be deemed to be reduced for the purposes of the calculation in "G" above by an amount equal to the Outstanding Principal Balance of the relevant Loan or Loans under the relevant Mortgage Account together with Arrears of Interest and Accrued Interest; and/or
  - (iv) the Seller materially breaches any other obligation or warranty under the Mortgage Sale Agreement and/or (for so long as it is the Servicer) the Servicing Agreement, which is also grounds for terminating the appointment of the Servicer in which event the aggregate Outstanding Principal Balance of Loans constituting the Trust Property shall be deemed for the purposes of the calculation in "G" above 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; and/or
  - (v) the Seller Share of Mortgages Trustee Revenue Receipts is less than the Loss Amount (as defined in **Clause 10.3**) payable to the Mortgages Trustee and/or Funding in accordance with **Clause 10.3**, in which case the Trust Property shall be deemed to be reduced for the purposes of the calculation in "G" above by an amount equal to the shortfall in the Loss Amount.
- (b) The reductions and deemed reductions set out in paragraphs 8.4(a)(i), 8.4(a)(ii), 8.4(a)(iii), 8.4(a)(iv) and 8.4(a)(v) above shall be made to the Seller Share only (or for the purposes of calculating the Seller Share, as the case may be) until the Seller Share is zero and thereafter (in respect of paragraph 8.4(a)(i) only) shall be made to the Funding Share until the Funding Share is zero.

- (c) If at, or 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 or its Related Security which is or has been subject to any matter described in Clause 8.4(a)(i), and in respect of which the Funding Share or the Seller Share of the Trust Property has been reduced or deemed reduced, such recoveries shall constitute Revenue Receipts and the Mortgages Trustee will remit, assign or transfer the same to, first, Funding (but only if and to the extent that the related reductions or deemed reductions were made against the Funding Share of the Trust Property) and thereafter the Seller, as the case may require, and, until it does so or to the extent that the Mortgages Trustee is unable to effect such remittance, assignment or transfer, the Mortgages Trustee will hold such property, interest, right or benefit and/or the proceeds thereof upon trust absolutely for Funding or the Seller (as applicable) (separate from the Mortgages Trust).

## 8.5 Current Seller Share Percentage

On each Trust Calculation Date and on each Interim Trust Calculation Date, the **Current Seller Share Percentage** will be an amount equal to:

100 per cent. - the Current Funding Share Percentage (as calculated on the relevant Trust Calculation Date or, as the case may be, the relevant Interim Trust Calculation Date).

## 8.6 Seller Share

- (a) The **Current Seller Share** on each Trust Calculation Date will be an amount equal to the Outstanding Principal Balance of all the Loans in the Trust Property on the relevant Trust Calculation Date *plus* any Retained Principal Receipts (as adjusted in accordance with the calculation of "G" as set out in **Clauses 8.2 and 8.4 above**) *minus* the Current Funding Share (as calculated on relevant Trust Calculation Date).
- (b) On any Trust Calculation Date in respect of which an Interim Trust Recalculation Event 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 and allocating the Losses to be applied on the immediately succeeding Distribution Date) the weighted average of the Seller Share Percentages 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 sustained during each of the Interim Trust Calculation Periods falling in the immediately preceding Trust Calculation Period. The **Weighted Average Seller Share Percentages** on any such Trust Calculation Date will be equal to:
- (i) in respect of the distribution of Revenue Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Revenue) Percentage**), 100% *minus* the then current Weighted Average Funding Share (Revenue) Percentage;
- (ii) in respect of the distribution of Principal Receipts to be made on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Principal) Percentage**), 100% *minus* the then current Weighted Average Funding Share (Principal) Percentage; and

- (iii) in respect of the allocation of Losses to be applied on the immediately succeeding Distribution Date (the **Weighted Average Seller Share (Losses) Percentage**), 100% *minus* the then current Weighted Average Funding Share (Losses) Percentage.

## **8.7 Funding Share/Seller Share**

Neither the Funding Share nor the Seller Share may be reduced below zero. At all times the aggregate of the Funding Share Percentage and the Seller Share Percentage shall be equal to 100 per cent.

## **8.8 Representations and warranties by Funding**

Funding represents and warrants to the parties hereto as follows:

- (a) that more than 50 per cent. by value of Funding's outstanding debt will be the Intercompany Loan entered into with the Master Issuer; and
- (b) that Funding will not hold shares or possess voting power in or in relation to any company.

## **9. MINIMUM SELLER SHARE**

### **9.1 Initial Minimum Seller Share**

The Seller Share includes an amount equal to the Minimum Seller Share. Unless and until the Funding Share is in an amount equal to zero or 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.

### **9.2 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 and each Closing Date (in each case, 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) 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, (b) 5 per cent. of the aggregate Current Balance of the Loans within the Trust Property calculated in accordance with Article 6(1) of the UK Securitisation Regulation (the **UK Risk Retention Requirements**), and (c) until such time when a competent EU authority has confirmed (in the form of enacted (or otherwise binding) legislation, regulation or policy statement) that the satisfaction of the UK Risk Retention Requirements will also satisfy the EU Risk Retention Requirements (as at such time) due to the application of an equivalency regime or similar analogous concept, 5 per cent. of the aggregate Current Balance of the Loans within the Trust Property calculated in accordance with Article 6(1) of the EU Securitisation Regulation (the **EU Risk Retention Requirements**), and (ii) the amount determined (without double counting) pursuant to the following formula:

$$W + X + Y + Z + AA$$

where:

W = 100 per cent. of the aggregate cleared balances of all savings accounts opened in respect of Flexible Offset Loans in the Trust Property;

X =

- (a) save where paragraph (c) below applies, if the FSCS Excess Amounts (as defined below) can be determined on the relevant Trust Calculation Date or Closing Date, 104.4 per cent. of the aggregate of the FSCS Excess Amounts, or such other percentage of the aggregate of the FSCS Excess Amounts determined by the Seller and notified to the Mortgages Trustee following its annual review (or, if the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller cease to have an "Issuer Default Rating" at least as high as "F1" (or its equivalent) by Fitch or "A-1" (or its equivalent) by Standard and Poor's, following its quarterly review), provided that, in each case, such amount shall not be less than 104.2 per cent. of the aggregate of the FSCS Excess Amounts; or
- (b) save where paragraph (c) below applies, if the FSCS Excess Amounts cannot be determined on the relevant Trust Calculation Date or Closing Date, 4.4 per cent. of the aggregate Outstanding Principal Balance of all Loans comprised in the Trust Property or such other percentage of the aggregate Outstanding Principal Balance of all Loans comprised in the Trust Property determined by the Seller and notified to the Mortgage Trustee following its annual review (or, if the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller cease to have an "Issuer Default Rating" at least as high as "F1" (or its equivalent) by Fitch or "A-1" (or its equivalent) by Standard and Poor's, following its quarterly review), provided that such amount shall not, in any case, be less than 4.2 per cent. of the aggregate Outstanding Principal Balance of all Loans comprised in the Trust Property; or
- (c) if the Seller does not have a long term unsecured, unsubordinated and unguaranteed credit rating by Moody's of at least Baa3 (and regardless of whether the FSCS Excess Amounts can be determined on the relevant Trust Calculation Date or Closing Date), the greater of (i) 4.4 per cent. of the aggregate Outstanding Principal Balance of all Loans comprised in the Trust Property and (ii) the aggregate amount of all deposits of Borrowers held with the Seller whose Loans and their Related Security are held within the Mortgages Trust as at the date of notification to the Borrowers of the assignment or assignation of the Loans and their Related Security to the Mortgages Trustee pursuant to the Mortgage Sale Agreement;

where:

**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 with the Seller minus the FSCS Limit; and

**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 per cent.;

q = the **Flexible Draw Capacity**, being an amount equal to the excess of (i) the maximum amount that Borrowers are entitled to draw under Flexible Loans included in the Trust Property (whether or not drawn) over (ii) the aggregate principal balance of actual Flexible Loan advances made to Borrowers in the Trust Property on the relevant Trust Calculation Date or Closing Date (but excluding the Initial Advances made thereunder); and

r = 3;

Z = the aggregate sum of the reductions or deemed reductions made to the Seller Share pursuant to **Clauses 8.4(a)(ii), 8.4(a)(iii) and 8.4(a)(iv)** on the relevant Trust Calculation Date or Closing Date; and

AA = the aggregate entitlement of Borrowers to receive Delayed Cashbacks and Reward Cashbacks in respect of the remaining life of the Reward Loans in the Trust Property.

### 9.3 Recalculation of Minimum Seller Share following occurrence of exceptional events

The calculation of the Minimum Seller Share in accordance with **Clause 9.2 above** will be recalculated with the agreement of the parties hereto, the Security Trustee and the 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 Santander UK accounts.

### 9.4 Minimum Seller Share requirement

- (a) The Seller undertakes to each of Funding, as Beneficiary, and the Mortgages Trustee 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 or Closing Date.
- (b) If the Seller Share falls below the Minimum Seller Share as calculated in accordance with item (i) of **Clause 9.2 above**, the Seller shall, within 30 calendar days of the relevant Trust Calculation Date or Closing Date, as applicable, take such steps as are necessary to increase the Seller Share to an amount at least equal to the required Minimum Seller Share as calculated in accordance with item (i) of **Clause 9.2 above**.
- (c) On each Trust Calculation Date and Closing Date, the Cash Manager shall calculate the Seller Share (i) as a percentage 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 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 (ii) as a percentage of the aggregate current balance of the Loans within the Trust Property calculated in accordance with the UK Risk Retention Requirements and the EU Risk Retention Requirements (or such other amount required by the UK Risk Retention Requirements and the EU Risk Retention Requirements), and the Cash Manager shall provide the Servicer with such information as the Servicer shall require for its monthly Investor Reports in order to comply with any reporting obligations under the U.S. Credit Risk Retention Requirements, the UK Risk Retention Requirements and the EU Risk Retention Requirements.

## 10. ALLOCATION AND DISTRIBUTION OF REVENUE RECEIPTS

### 10.1 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, and pay over the same to the proper recipients thereof. The Mortgages Trustee and the Beneficiaries hereby consent to such deductions.

### 10.2 Allocation and distribution of Mortgages Trustee Available Revenue Receipts

On each Distribution Date the Cash Manager (at the direction of the Mortgages Trustee and on behalf of the Beneficiaries at their direction and with their consent) will distribute Mortgages Trustee Available Revenue Receipts as follows:

- (a) firstly, in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof of:
  - (i) any costs, charges, liabilities and expenses then due or to become due to the Mortgages Trustee under the provisions of this Deed together with VAT thereon as provided herein (if payable); and
  - (ii) any amounts due and payable by the Mortgages Trustee to third parties in respect of the Mortgages Trust and incurred without breach by the Mortgages Trustee of the documents to which it is a party (and for which payment has not been provided for elsewhere), including amounts due to H.M. Revenue and Customs or any other taxation authority which has jurisdiction over the Trust Property or the Mortgages Trustee in respect of any stamp, issue, registration, documentary and other fees, duties and taxes (including interest and penalties) payable by the Mortgages Trustee in connection with (i) the execution and delivery of this Deed; (ii) any action to be taken by or on behalf of the Mortgages Trustee to enforce or to resolve any doubt concerning or, for any other purpose in relation to, this Deed; and (iii) any such tax which is primarily due from either or both of the Seller and/or Funding in their capacities as Beneficiaries (and, for the avoidance of doubt, only in such capacities) in circumstances where the Mortgages Trustee has made a payment of such tax (or part thereof) by reason of a failure by the Seller and/or Funding to discharge their primary liability in respect of such tax;
- (b) secondly, in or towards satisfaction of any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due to the Servicer under the provisions of the Servicing Agreement, together with VAT thereon as provided therein; and
- (c) thirdly, *pari passu* and *pro rata* subject to **Clause 10.3 below and 10.4 below**, to pay Funding and the Seller their respective shares of any remaining Mortgages Trustee Available Revenue Receipts, calculated by multiplying the total amount of such remaining Mortgages Trustee Available Revenue Receipts by the Current Funding Share Percentage (calculated in respect of the immediately preceding Trust Calculation Period), which product shall be allocated to Funding, and the remaining Mortgages Trustee Available Revenue Receipts which shall be allocated to the Seller (subject to deducting any amounts due to the Mortgages Trustee and/or Funding by way of set-off pursuant to Clause 7.3 of the Mortgage Sale Agreement),

**PROVIDED THAT**, if an Interim Trust Recalculation Event has occurred during the Trust Calculation Period immediately preceding the relevant Distribution Date, then the Cash Manager will use the Weighted Average Funding Share (Revenue) Percentage (instead of the Funding Share Percentage) calculated on the Trust Calculation Date immediately preceding that Distribution Date in determining the amount of Mortgages Trustee Available Revenue Receipts to distribute to Funding and the remaining Mortgages Trustee Available Revenue Receipts shall be allocated to the Seller (subject to deducting any amounts due to the Mortgages Trustee and/or Funding by way of set-off pursuant to Clause 7.3 of the Mortgage Sale Agreement).

- 10.3 If, as a result of any of the matters referred to in paragraphs (a) to (g) inclusive of Clause 7.4 of the Mortgage Sale Agreement, the Mortgages Trustee and/or Funding suffers or incurs any costs, expenses, losses or other claims in connection with any recovery of interest on the Loans to which the Seller, the Mortgages Trustee or Funding was not entitled or could not enforce (referred to in this **Clause 10.3** as the **Loss Amount**), then:
- (a) the Seller's share of Mortgages Trustee Revenue Receipts shall be reduced by an amount equal to the Loss Amount; and
  - (b) from the amount deducted from the Seller's share of the Mortgages Trustee Revenue Receipts referred to in **paragraph (a) above**:
    - (i) an amount will be paid to the Mortgages Trustee equal to the Loss Amount incurred by the Mortgages Trustee; and
    - (ii) an amount will be paid to Funding equal to the Loss Amount incurred by Funding.
- 10.4 On any Distribution Date, in the event of one or more Borrowers taking or continuing the 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 Trustee 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 Trustee 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 Trustee Available Principal Receipts; and
  - (b) the Extraordinary Payment Holiday Adjustment Amount comprising the reduction in the Seller's share of Mortgages Trustee Available Revenue Receipts shall be paid to Funding and Funding's share of Mortgages Trustee Available Revenue Receipts shall be increased accordingly, but for the avoidance of doubt, without adjusting Funding's share of Mortgages Trustee Available Principal Receipts.

It is hereby agreed that the Seller has agreed to a reduction in its share of Mortgages Trustee Revenue Receipts in anticipation of either (a) an increase in the Seller Share to the extent that any Extraordinary Payment Holiday Amount becomes capitalised (in which case the Seller Share shall increase by virtue of the operation of **Clause 5.2 above**) or (b) receipt by the Seller of additional amounts after application of the Funding Priorities of Payments.

## **11. ALLOCATION AND DISTRIBUTION OF MORTGAGES TRUST AVAILABLE PRINCIPAL RECEIPTS**

### **11.1 Calculation of Principal Receipts**

On each Trust Calculation Date, the Cash Manager shall ascertain:

- (a) the amount of Mortgages Trust Available Principal Receipts;
- (b) whether the Cash Accumulation Period has started in respect of any Bullet Term Advance (the Cash Accumulation Period being calculated separately for each Bullet Term Advance);
- (c) whether amounts are outstanding in respect of any Pass-Through Term Advances or Scheduled Amortisation Term Advances that are then due and payable;
- (d) whether the Scheduled Amortisation Period has started in respect of any Scheduled Amortisation Term Advance; and
- (e) whether amounts in respect of any Funding Loan are then due and payable (including without limitation as a result of any prepayment notice given by Funding to the Funding Loan Provider).

### **11.2 Allocation and distribution of Principal Receipts prior to the occurrence of a Trigger Event**

Prior to the occurrence of a Trigger Event, 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 apply the Mortgages Trust Available Principal Receipts as provided in this **Clause 11**:

- (a) *first*, an amount shall be allocated and distributed to Funding in respect of the Funding Share (as determined in respect of the immediately preceding Trust Calculation Period), of up to the aggregate of (i) the amounts required by Funding to replenish the First Reserve Fund to the extent that amounts have been drawn from the First Reserve Fund to make scheduled repayments of principal under any Intercompany Loan and (ii) to the extent that there is a shortfall in the Funding Liquidity Reserve Fund Required Amount, an amount equal to the shortfall required to be paid by Funding into the Funding Liquidity Reserve Fund;
- (b) *second*, from and including the start of a Cash Accumulation Period, any remaining Mortgages Trust Available Principal Receipts shall be allocated and distributed to Funding in respect of the remaining Funding Share (as determined in respect of the immediately preceding Trust Calculation Period) after making the distributions in (a) above until an amount of up to the relevant Bullet Amount has been or will have been accumulated by Funding, as shown on the Cash Accumulation Ledger;
- (c) *third*, the Cash Manager on behalf of the Mortgages Trustee shall allocate and distribute any remaining Mortgages Trust Available Principal Receipts to Funding in an amount in respect of the remaining Funding Share (as determined in respect of the immediately preceding Trust Calculation Period) after making the distributions in (a) and (b) above, of up to the Scheduled Amortisation Amount due on the relevant Scheduled Amortisation Term Advance on the immediately succeeding Interest Payment Date;



- (d) *fourth, pro rata and pari passu:*
- (i) from and including the date when amounts are or will become outstanding on the next following Interest Payment Date in respect of one or more Pass-Through Term Advances that are due and payable (the **Payable Pass-Through Term Advances**) under an Intercompany Loan, ignoring for these purposes the deferral of repayment of any Term NR Advance, any Term BBB Advance, any Term A Advance and any Term AA Advance, any remaining Mortgages Trust Available Principal Receipts shall be allocated and distributed to Funding in respect of the Funding Share (as determined in respect of the immediately preceding Trust Calculation Period), after making the distributions in **(a)**, **(b)** and **(c) above**, in an amount of up to the aggregate amount of the following amounts in respect of each Intercompany Loan under which such Payable Pass-Through Term Advances arise until all of such Payable Pass-Through Term Advances are fully repaid or will, on the next following Interest Payment Date, be fully repaid.

The amounts referred to in paragraph (i)11.2(d)(i) above shall be determined in respect of each Intercompany Loan Agreement advanced by any Issuer to Funding which then comprises a Payable Pass-Through Term Advance (**Intercompany Loan Agreement X**) and shall be the Outstanding Principal Balance of each Payable Pass-Through Term Advance forming part of such Intercompany Loan Agreement X (but taking into account any amounts available to Funding in the Funding Principal Ledger to make such payments); and

- (ii) from and including the date when amounts are or will become due on the next Interest Payment Date in respect of the Funding Loan, any remaining Mortgages Trust Available Principal Receipts shall be allocated and distributed to Funding in respect of the Funding Share in an amount up to the amount which is or will become due and payable on the next following Interest Payment Date in respect of the Funding Loan; and

- (e) *fifth:*

- (i) if such Distribution Date is a Seller Share Event Distribution Date, the Cash Manager shall (on behalf of the Mortgages Trustee) deposit the remaining balance of the Mortgages Trust Available Principal Receipts (the **Retained Principal Receipts**) in the Mortgages Trustee GIC Account and make a corresponding credit to the Principal Ledger; or
- (ii) if such Distribution Date is not a Seller Share Event Distribution Date, any remaining Mortgages Trust Available Principal Receipts shall be paid to the Seller in respect of the Seller Share (as determined in respect of the immediately preceding Trust Calculation Period),

**PROVIDED THAT** in relation to paragraphs (a) to (e) above:

- (A) the amount of Mortgages Trust Available Principal Receipts to be allocated and paid to Funding on a Distribution Date will be reduced by an amount equal to the aggregate of Funding Available Revenue Receipts which are to be applied on the immediately succeeding Interest Payment Date in reduction of deficiencies on the Principal Deficiency Ledger to the extent that (following

any such reduction) amounts falling due under items(a), (b), (c) and (d) above are still able to be paid in full; and

- (B) the amount of Mortgages Trust Available Principal Receipts to be allocated and paid to Funding on a Distribution Date immediately preceding an Interest Payment Date will be increased by an amount equal to the lesser of (A) the deficit that will otherwise arise on the immediately succeeding Interest Payment Date in Funding Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (i) and (k) of the Funding Pre-Enforcement Revenue Priority of Payments after the application of Funding Available Principal Receipts and (B) the aggregate principal amount outstanding of all Term NR Advances less the balance of the NR Principal Deficiency Sub Ledger (such amount, the **Funding Revenue Deficit Cure Amount**).

Notwithstanding the foregoing, if an Interim Trust Recalculation Event 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 according to the Weighted Average Funding Share (Principal) Percentage and the Weighted Average Seller Share (Principal) Percentage calculated on the Trust Calculation Date immediately preceding that Distribution Date, until the Funding Share is zero.

For the avoidance of doubt, no Mortgages Trust Available Principal Receipts shall be allocated to Funding if such allocation would cause the Funding Share to be reduced below zero.

### **11.3 Allocation and distribution of Principal Receipts following the occurrence of an Asset Trigger Event**

After the occurrence of an Asset Trigger Event, all Principal Receipts and any Retained Principal Receipts will be distributed by the Cash Manager as follows:

- (a) if the immediately preceding Distribution Date was a Seller Share Event Distribution Date, all of the Retained Principal Receipts to Funding until the Funding Share is zero; and
- (b) if the immediately preceding Distribution Date was not a Seller Share Event Distribution Date, *pro rata* and *pari passu* between Funding and the Seller according to the Current Funding Share Percentage of the Trust Property and the Current Seller Share Percentage of the Trust Property, respectively (and, for the avoidance of doubt, such payments may reduce the Current Seller Share to an amount less than the Minimum Seller Share), until the Funding Share is zero.

Notwithstanding the foregoing, if an Interim Trust Recalculation Event 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 according to the Weighted Average Funding Share (Principal) Percentage and the Weighted Average Seller Share (Principal) Percentage calculated on the Trust Calculation Date immediately preceding that Distribution Date, until the Funding Share is zero.

When the Funding Share is zero, the remaining Principal Receipts (if any) will be allocated to the Seller.

#### **11.4 Allocation and distribution of Principal Receipts following the occurrence of a Non-Asset Trigger Event**

After the occurrence of a Non-Asset Trigger Event (where an Asset Trigger Event has not occurred), all Mortgages Trust Available Principal Receipts will be paid to Funding until the Funding Share of the Trust Property is zero and will thereafter be paid to the Seller.

#### **11.5 Allocation and distribution of Principal Receipts following entry by Funding into a New Term Advance**

If a New Issuer makes a New Term Advance to Funding pursuant to a New Intercompany Loan Agreement, then the parties hereto shall amend the terms of this **Clause 11** as required to reflect the repayment provisions of that New Term Advance. If (with the consent of the Seller and Funding) any New Issuer or New Issuers acquire a direct interest in the Trust Property, the parties hereto shall amend the terms of this Deed as required to reflect such acquisition by the New Issuer or New Issuers. For the avoidance of doubt, in either case, the parties hereto shall amend the terms of the Trigger Events if required to do so by the Rating Agencies as a result of the issue of New Rated Notes by any such New Issuer or New Issuers, as the case may be.

### **12. ALLOCATION OF LOSSES**

12.1 Subject as provided herein (and in particular, **Clause 8**) (subject to the following sentence), all Losses sustained on the Loans during a Trust Calculation Period shall be applied on the next following Distribution Date in reducing *pro rata* both the Funding Share and the Seller Share by multiplying the Losses in the relevant Trust Calculation Period by the Current Funding Share Percentage (as calculated on the relevant Trust Calculation Date), the product of which shall be allocated to Funding (until the Funding Share is zero), and the remainder of such Losses shall be allocated to the Seller. If an Interim Trust Recalculation Event has occurred during a Trust Calculation Period, then the amount of Losses shall be multiplied by the Weighted Average Funding Share (Losses) Percentage calculated on the Trust Calculation Date immediately preceding that Distribution Date, rather than the Current Funding Share Percentage, the product of which shall be allocated to Funding (until the Funding Share is zero), and the remainder of such Losses shall be allocated to the Seller.

12.2 In the event that any sums are recovered from Borrowers in respect of which any Losses have been recorded on the Losses Ledger (other than in the event that such recovery occurs subsequent to completion of Enforcement Procedures), save as otherwise provided, they shall belong to Funding and the Seller on a separate trust but in the same proportions as the Seller Share Percentage and Funding Share Percentage applying as at the Closing Date or, in respect of any later Trust Calculation Periods, in the same proportion as the Seller Share Percentage and the Funding Share Percentage applying on the date immediately following the date on which any recoveries of Losses were paid to Funding and the Seller. Such recoveries shall be paid to Funding and the Seller as soon as reasonably practicable. If a recovery is made on a Loan after Funding has discharged all its obligations to the Funding Secured Creditors, then the sums recovered shall be held by the Mortgages Trustee for the benefit of the Seller only. No income shall arise or accrue on such recoveries.

### **13. LEDGERS**

The Mortgages Trustee shall maintain, or shall procure that there are maintained, the following Mortgages Trustee Ledgers:

- (a) the Principal Ledger, which shall record all receipts of Principal Receipts and Retained Principal Receipts and distribution of the same to Funding and the Seller;

- (b) the Revenue Ledger, which shall record all receipts of Revenue Receipts and distribution of the same to Funding and the Seller;
- (c) the Losses Ledger, which shall record Losses in relation to the Loans; and
- (d) the Funding Share Seller Share Ledger which shall record the Current Funding Share and the Current Seller Share of the Trust Property, the Current Funding Share Percentage and the Current Seller Share Percentage.

#### **14. 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 Funding in writing. In default of such agreement, Funding 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 incurred in respect of such costs and expenses. The cost of such indemnity shall be paid in accordance with the priority of payments set out in **Clause 10.2** of this Deed.

#### **15. DIRECTIONS FROM BENEFICIARIES**

##### **15.1 Servicing Agreement and Cash Management Agreement**

On the Initial Closing Date the Mortgages Trustee shall enter into the Servicing Agreement and the Cash Management Agreement.

##### **15.2 Directions from Beneficiaries**

Subject to **Clause 15.3 below** and to any other agreement between the Beneficiaries, the Beneficiaries direct the Mortgages Trustee to, and the Mortgages Trustee covenants with the Seller and Funding that the Mortgages Trustee shall, take all necessary steps and do everything which both Funding and the Seller (acting together) may reasonably request or direct it to do in order to give effect to the terms of this Deed or the other Transaction Documents to which the Mortgages Trustee is a party.

- 15.3 Each of Funding and the Seller covenants with the other that it shall not direct or request the Mortgages Trustee to do any act or thing which breaches the terms of, or is otherwise expressly dealt with (such that the Mortgages Trustee has no discretion) by, any of the Transaction Documents.

##### **15.4 No requirement to act**

The Mortgages Trustee will not be bound 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 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 15.2** in respect of 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.

#### **15.5 Covenant of the Mortgages Trustee**

Subject to **Clause 15.2**, the Mortgages Trustee covenants with each of the Seller and Funding to exercise all of its rights arising under the Trust Property (including without limitation any rights of enforcement) for the benefit of and on behalf of the Beneficiaries.

#### **16. EARLY TERMINATION OF THE MORTGAGES TRUST**

On giving not more than 61 nor less than 31 days' notice to Funding, the Beneficiaries agree that the Seller may pay to Funding the Termination Price in exchange for the Funding Share if the aggregate Outstanding Principal Balance under all Intercompany Loan Agreements is at any time less than 10 per cent. of the aggregate Outstanding Principal Balance of all Intercompany Loan Agreements as at the respective drawdown dates thereof. Thereafter, the Mortgages Trustee shall hold the Trust Property for the Seller absolutely, freed and released from the Mortgages Trust.

#### **17. TRANSFERS**

##### **17.1 Funding shall not assign**

Subject to the right of Funding (or the Security Trustee or a Receiver on its behalf) to sell the Funding Share of the Trust Property following the service of an Intercompany Loan Enforcement Notice (which right is hereby conferred), Funding covenants with 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 the Funding Share in the Trust Property, or any of Funding's rights, title and interest or benefit in any of the Portfolio or the Trust Property and/or this Deed to a third party, other than pursuant to the terms of the Transaction Documents (including, for the avoidance of doubt, the Funding Deed of Charge).

##### **17.2 Seller shall not assign**

The Seller covenants with Funding 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 the Seller Share in the Trust Property or any of the Seller's rights, title and interest or benefit in the Trust Property to a third party, other than pursuant to the terms of the Transaction Documents.

#### **18. 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) Negative pledge

create or permit to subsist any mortgage, standard security, pledge, lien, charge 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) Disposal of assets
 

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) Equitable interest
 

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) Bank accounts
 

have an interest in any bank account, other than as set out in the Transaction Documents;
- (e) Restrictions on activities
 

carry on any business other than as described in this Deed and the Mortgage Sale Agreement;
- (f) Borrowings
 

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;
- (g) Merger
 

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) Employees or premises
 

have any employees or premises or subsidiaries (but shall procure that, at all times, it shall retain at least one independent director);
- (i) Further shares
 

issue any further shares; or
- (j) United States activities
 

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.

## **19. POWER TO DELEGATE**

### **19.1 Power to delegate**

Subject to **Clause 19.2**, 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.

## **19.2 No further appointments**

Notwithstanding the provisions of **Clause 19.1**, 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. The appointment of any agent, attorney or other delegate hereunder above shall terminate immediately upon the occurrence of a Trigger Event.

## **20. POWERS OF INVESTMENT**

Save as expressly provided for in this Deed, the Mortgages Trustee Guaranteed Investment Contract and the Bank Account 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.

## **21. OTHER PROVISIONS REGARDING THE MORTGAGES TRUSTEE**

### **21.1 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.

### **21.2 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.

### **21.3 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.

### **21.4 No liability**

Neither the Mortgages Trustee, Funding (in its capacity as a Beneficiary hereunder) nor the Seller (in its capacity as a Beneficiary hereunder) 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.

### **21.5 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 by the proper party or parties.

### **21.6 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, 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, e-mail, cable 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.

## **22. NO RETIREMENT OF MORTGAGES TRUSTEE**

### **22.1 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.

### **22.2 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.

### **22.3 No termination**

Prior to the payment by Funding of all amounts owing under the Intercompany Loan Agreements and under the Transaction Documents none of the Beneficiaries shall at any time, except in accordance with the provisions of **Clauses 16** and **23**, terminate or purport to terminate the Mortgages Trust and, in particular, but without prejudice to the generality of the foregoing, the Beneficiaries 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 in all or any part of the Trust Property.

## **23. TERMINATION**

Subject to **Clause 16**, the Mortgages Trust shall terminate in respect of the Trust Property (if any then remains) upon the earlier to occur of (i) the date on which the Funding Share is zero, and (ii) any other date agreed in writing by Funding and the Seller.



**24. 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.

**25. AMENDMENTS, ETC.**

**25.1 Amendments and waivers**

Without prejudice to Clause 25 of the Funding Deed of Charge, no amendment or waiver of any provision of this Deed nor consent to any departure by any of the parties therefrom shall in any event be effective unless the same shall be in writing and signed by each of the parties hereto. In the case of a waiver or consent, such waiver or consent 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.

**25.2 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.

**26. NON PETITION COVENANT**

26.1 The Seller hereby agrees that it shall not institute against either Funding or the Mortgages Trustee any winding-up, administration, insolvency or similar proceedings, or take any other step to institute such proceedings against either Funding or the Mortgages Trustee, for so long as any sum is outstanding under any Intercompany Loan Agreement and for one year plus one day since the last day on which any such sum was outstanding.

26.2 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, Funding for so long as any sum is outstanding under any Intercompany Loan Agreement in respect of Funding and for one year plus one day since the last day on which any such sum was outstanding.

**27. 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 Funding (or vice versa).

**28. CALCULATIONS**

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

**29. 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.

### **30. 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.

### **31. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile and email), all of which, taken together, shall constitute one and the same deed and any party may enter into the same by executing and delivering a counterpart (including by facsimile or email), provided however that this Deed shall have no force or effect until it is executed by the last party to execute the same.

### **32. CONFIDENTIALITY**

#### **32.1 General obligation of confidentiality**

Unless otherwise required by applicable law, and subject to **Clause 32.2 below**, each of the parties agrees to maintain the confidentiality of this Deed in its communications with third parties and otherwise. None of the parties shall 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 other Transaction Documents which it may have obtained as a result of having entered into this Deed or otherwise.

#### **32.2 Exceptions**

The provisions of **Clause 32.1 above** 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 hereto;
- (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 of them) and to the disclosure to 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 Exchange Act, provided that no information which would disclose the identity of a Borrower shall be disclosed to the Rating Agencies or to any other nationally recognised statistical rating organisation (as defined in the U.S. Credit Rating Agency Reform Act of 2006);

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

### **33. EXCLUSION OF THIRD PARTY RIGHTS**

The parties to this Deed do not intend that any term of this Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed (other than the Security Trustee).

### **34. ADDRESSES FOR NOTICES**

Any notices to be given pursuant to this Deed to any of the parties hereto shall be sufficiently served if sent by prepaid first class post, by hand or by email (and in the case of the Seller, the Mortgages Trustee and Funding, shall only be sufficiently served to the Seller, the Mortgages Trustee and Funding if sent by email) and shall be deemed to be given (in the case of email) when despatched if despatched before 17.00 hours on a Business Day or on the next Business Day if despatched thereafter, (in the case of delivery by hand) on the day delivered if delivered before 17.00 hours on a Business Day or on the next Business Day if delivered thereafter or (in the case of first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of the Seller, to Santander UK PLC, at 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: MTF@santander.co.uk and FundingLegal@santander.co.uk) for the attention of the Medium Term Funding and Funding Legal;
- (b) in the case of the Mortgages Trustee, to Holmes Trustees Limited, c/o Santander UK PLC, 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: MTF@santander.co.uk and FundingLegal@santander.co.uk) for the attention of the Medium Term Funding and Funding Legal;
- (c) in the case of Funding, to Holmes Funding Limited, c/o Santander UK PLC, 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: MTF@santander.co.uk and FundingLegal@santander.co.uk) for the attention of the Medium Term Funding and Funding Legal; and
- (d) in each case with a copy to the Security Trustee, to The Bank of New York Mellon, acting through its London Branch, 160 Queen Victoria Street, London EC4V 4LA (with a copy via email to: corpsov4@bnymellon.com) for the attention of the Corporate Trust Administration,

or to such other address or email address 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 34**.

## **35. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **35.1 Governing law**

This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed in accordance with, English law.

### **35.2 Submission to jurisdiction**

Each party to this Deed hereby irrevocably submits to the non-exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Deed (including in relation to any claim or dispute relating to any non-contractual obligations arising out of or in connection with this Deed), and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

**36. 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 hereunder 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 duly executed and delivered by the parties hereto as a deed which has been delivered on the date first appearing on page one.

**EXECUTED as a DEED by**

**HOLMES FUNDING LIMITED** as a Beneficiary acting by one director

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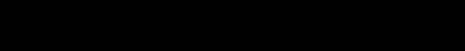
Director

in the presence of

Witness name:



Signature:



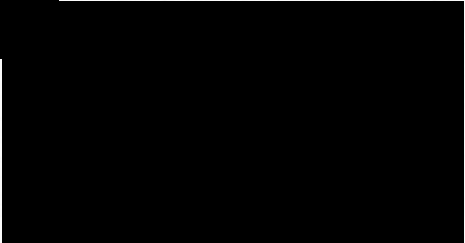
Address:



**EXECUTED as a DEED by**

**HOLMES TRUSTEES LIMITED** as Mortgages Trustee acting by one director

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)



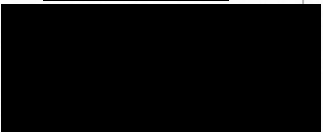
Director

in the presence of

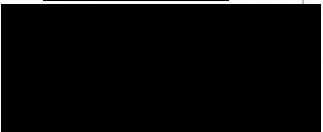
Witness name:



Signature:



Address:



**EXECUTED as a DEED**  
by:  
as attorney for and on behalf of  
**WILMINGTON TRUST SP**  
**SERVICES (LONDON) LIMITED**  
as Share Trustee  
acting by its duly authorised attorney

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)



By:  
Name:

in the presence of



Witness Signature:  
Name:



Address



**EXECUTED as a DEED**

by: [REDACTED] )  
as attorney for and on behalf of )  
**SANTANDER UK PLC** as )  
Seller, Cash Manager and a Beneficiary )

[REDACTED]

in the presence of: )

Signature of witness: [REDACTED]

Name of witness: [REDACTED]

Address of witness: [REDACTED]

Occupation of witness: [REDACTED]