

# **FUNDING 1 DEED OF CHARGE**

**DATED 28 NOVEMBER 2006**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**and**

**ALLIANCE & LEICESTER PLC**  
**(as Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1**  
**Start-Up Loan Provider)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS FUNDING 1 DEED OF CHARGE** (this **Deed**) is dated 28 November 2006

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 767 Third Avenue – 31<sup>st</sup> Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**); and
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) Pursuant to the terms of the Intercompany Loan Agreement of even date herewith, the Issuer has agreed to make available from time to time Loan Tranches to Funding 1.
- (B) The Cash Manager has agreed to provide certain cash management services to Funding 1 on the terms set out in the Cash Management Agreement.
- (C) The Account Bank has agreed to provide certain banking services to Funding 1 on the terms set out in the Funding 1 Bank Account Agreement and the Funding 1 Guaranteed Investment Contract.
- (D) The Funding 1 Swap Provider has agreed to provide the Funding 1 Swap to Funding 1 on the terms set out in the Funding 1 Swap Agreement.
- (E) The Corporate Services Provider has agreed to provide certain corporate services to Funding 1 on the terms set out in the Funding 1 Corporate Services Agreement.
- (F) The Funding 1 Start-Up Loan Provider has agreed to make available the Start-Up Loans from time to time to Funding 1 on the terms set out in the Funding 1 Start-Up Loan Agreements.
- (G) Funding 1 has agreed to provide security in respect of Funding 1's obligations under the Funding 1 Agreements to which it is a party, subject to and in accordance with the terms thereof and hereof.

- (H) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in this Deed to secure Funding 1's obligations under the Funding 1 Agreements, upon and subject to the terms hereof. The Funding 1 Security Trustee shall hold such security on trust for the benefit of the Funding 1 Secured Creditors.
- (I) Pursuant to the terms of the Issuer Deed of Charge, the Issuer will grant security to the Issuer Security Trustee (as security trustee for the Issuer Secured Creditors) in and to all of its right, title, interest and benefit, present and future, under this Deed to secure the Issuer's obligations to the Issuer Secured Creditors upon and subject to the terms thereof.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Construction**

- (a) The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, varied or supplemented from time to time with the consent of the parties to this Deed) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, varied or supplemented from time to time with the consent of the parties to the Issuer Deed of Charge) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule (as so amended, varied or supplemented) and the Issuer Master Definitions and Construction Schedule (as so amended, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- (b) This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- (c) If there is any conflict between the provisions of the Master Definitions and Construction Schedule, the Issuer Master Definitions and Construction Schedule and the provisions of this Deed, the provisions of this Deed will prevail.
- (d) The term **this Deed** means this Deed and any deed executed in accordance with, or expressed to be supplemental to, this Deed.
- (e) Any covenant of Funding 1 under this Deed (other than a payment obligation) shall remain in force during Funding 1 Security Period.
- (f) The terms of the other Transactions Documents are incorporated in this Deed to the extent required to give effect thereto and/or to ensure that any purported disposition contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (g) Unless the context otherwise requires, a reference to a Funding 1 Charged Property includes the proceeds of sale of that Funding 1 Charged Property.
- (h) The term **full title guarantee** will be construed in accordance with the LP (MP) Act but so that the covenants implied by the LP (MP) Act in respect of Funding 1 Security do not include:

- (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) of the LP (MP) Act; and
- (ii) section 6(2) of the LP (MP) Act.

## **2. SECURITY TRUST**

### **2.1 Declaration of Trust**

The Funding 1 Security Trustee holds all of the covenants, undertakings, Security Interests and other rights and benefits made or given under this Deed and the other Funding 1 Agreements on trust for itself and the other Funding 1 Secured Creditors upon and subject to the terms and conditions of this Deed.

## **3. CREATION OF FUNDING 1 SECURITY**

### **3.1 General**

- (a) All Funding 1 Security:
  - (i) is created in favour of the Funding 1 Security Trustee for itself and as trustee on behalf of the other Funding 1 Secured Creditors;
  - (ii) is created over the present and future assets of Funding 1;
  - (iii) is security for the payment or discharge of Funding 1 Secured Obligations; and
  - (iv) is made with full title guarantee (or, in relation to any rights or assets situated in Northern Ireland or otherwise governed by Northern Irish law, as beneficial owner, or, in relation to any rights or assets situated in Scotland or otherwise governed by Scots law, with absolute warrandice).
- (b) The term **all of its rights** as used in this Clause includes, unless the context requires otherwise:
  - (i) the benefit of all covenants, undertakings, representations, warranties and indemnities;
  - (ii) all powers and remedies of enforcement and/or protection;
  - (iii) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and
  - (iv) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the relevant Funding 1 Charged Property.

### **3.2 Trust Property**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights, title, interest and benefit in the Trust Property (including, without limitation, all Scottish Trust Property, present and future, comprised in the Trust Property).

### **3.3 Contracts**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of Funding 1 Agreements.

### **3.4 Funding 1 Accounts**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) any amount standing from time to time to the credit of Funding 1 Bank Accounts;
- (b) all interest paid or payable in relation to those amounts; and
- (c) all debts represented by those amounts.

### **3.5 Authorised Investments**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the Authorised Investments made or purchased from time to time by or on behalf of Funding 1 (whether owned by it or held by any nominee on its behalf) using moneys standing to the credit of Funding 1 Accounts; and
- (b) all interest, moneys and proceeds paid or payable in relation to those Authorised Investments.

### **3.6 Miscellaneous**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Funding 1 Charged Property; and
- (b) any compensation which may be payable to it in respect of those authorisations.

### **3.7 Floating charge**

- (a) Funding 1 charges by way of a first floating charge all of its undertaking and all of its property and assets (including, without limitation, its uncalled capital) other than any property or assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under this Clause 3 (but excepting from the foregoing exclusion all of Funding 1's undertaking, property and assets situated in Scotland or the rights to which are governed by Scots law, all of which are charged by the floating charge hereby created).
- (b) Except as provided below, the Funding 1 Security Trustee may, by notice to Funding 1 (and so far as permitted by applicable law), convert the floating charge created under this Clause 3 into a fixed charge as regards any of Funding 1's assets subject to the floating charge specified in that notice, if:
  - (i) an Intercompany Loan Event of Default is outstanding;
  - (ii) the Funding 1 Security Trustee considers those assets or any part thereof to be in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process or to be otherwise in jeopardy; and/or

- (iii) a circumstance occurs which the Funding 1 Security Trustee considers to (or to be likely to) prejudice, imperil or threaten Funding 1 Security.
- (c) Except as provided below, the floating charge created by this Clause 3 will automatically (so far as permitted by applicable law) convert into a fixed charge as regards:
  - (i) all of Funding 1's assets subject to the floating charge, upon the service of an Intercompany Loan Acceleration Notice; and/or
  - (ii) any assets of Funding 1 subject to the floating charge, if those assets (contrary to the covenants and undertakings contained in Funding 1 Agreements):
    - (A) are or become subject to a Security Interest in favour of any person other than the Funding 1 Security Trustee; or
    - (B) are or become the subject of a sale, transfer or other disposition, immediately prior to that Security Interest arising or that sale, transfer or other disposition being made.
- (d) The floating charge created by this Clause 3 may not be converted into a fixed charge solely by reason of:
  - (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium, under the Insolvency Act 2000.
- (e) The floating charge created by this Clause 3 is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

#### 4. ACKNOWLEDGEMENTS AND UNDERTAKINGS

##### 4.1 Funding 1 Security

- (a) This Deed constitutes notice in writing to each Funding 1 Secured Creditor of the assignment or assignation of all of Funding 1's rights to the Funding 1 Agreements under Clause 3.3 (Contracts).
- (b) By executing this Deed, each Funding 1 Secured Creditor acknowledges and consents to the assignment or assignation referred to in this Clause 4.1 (Funding 1 Security) and the other Security Interests made or granted under this Deed and confirms that as of the date of this Deed it has not received from any other person notice of any assignment, assignation or charge of any Funding 1 Charged Property.
- (c) Immediately upon the execution of this Deed, Funding 1 will deliver a notice of assignment substantially in the form set out in Schedule 1 (Form of Notice of Charge) hereto to each of the addressees named in the notice and will use all reasonable endeavours to procure that delivery to the Funding 1 Security Trustee on the date of this Deed of receipts from the addressees of that notice substantially in the form attached to the notice.
- (d) Each Funding 1 Secured Creditor acknowledges the Funding 1 Security, and covenants to the Funding 1 Security Trustee not to do anything inconsistent with the Funding 1 Security

or knowingly to prejudice that security or any of the Funding 1 Charged Property (or the Funding 1 Security Trustee's interest in those assets) provided that, subject to Clause 5 (Restrictions on Exercise of Certain Rights) hereto, this Deed does not limit the rights of any of Funding 1 Secured Creditors under the Funding 1 Agreements.

- (e) Without prejudice to the generality of Clause 4.1(a), Funding 1 hereby intimates and gives notice to the Mortgages Trustee as trustee under and in terms of the Mortgages Trust Deed of the assignment in security made in terms of Clause 3.2 (Trust Property) and the Mortgages Trustee by its execution of this Deed as such trustee immediately subsequent to the execution hereof by Funding 1 confirms that as at the date hereof it has received no intimation of any other dealing with the Funding 1 Share or any other rights, title, interest or benefit in the Trust Property except in accordance with the Funding 1 Agreements.

#### **4.2 Registration of Funding 1 Security**

Within 21 calendar days of the date of creating the Funding 1 Security Funding 1 undertakes to file (or to procure that a filing is made) with the Registrar of Companies pursuant to the provisions of Chapter I of Part XII of the Companies Act 1985 a duly completed Form 395 in respect of itself together with the required registration fee and an executed copy of this Deed.

#### **4.3 Funding 1 Agreements**

Each Funding 1 Secured Creditor acknowledges that it is bound by, and deemed to have notice of, all of the provisions of the Funding 1 Agreements as if it was a party to each Funding 1 Agreement.

#### **4.4 Payments to Funding 1**

Notwithstanding the Funding 1 Security but subject as provided otherwise in this Deed, each of the parties acknowledges that each Funding 1 Secured Creditor and each other party to any Funding 1 Agreement may continue to make all payments becoming due to Funding 1 under any Funding 1 Agreement in the manner envisaged by that document until receipt of written notice from the Funding 1 Security Trustee or any Receiver requiring payments to be made otherwise.

#### **4.5 Exercise of rights under Funding 1 Agreements**

- (a) Subject to Clause 8 and Clause 12, without prejudice to the rights of the Funding 1 Security Trustee after the security created under this Deed has become enforceable, the Funding 1 hereby authorises the Funding 1 Security Trustee, prior to the security created by this Deed becoming enforceable, to exercise or direct the exercise, or refrain from exercising or directing the exercise of, all rights, powers, authorities, discretions and remedies of the Funding 1 under or in respect of the Funding 1 Agreements referred to in Clause 3.3 (Contracts).
- (b) For the avoidance of doubt, the Funding 1 Security Trustee shall not be required to have regard to the interests of Funding 1 in the exercise or non-exercise or the direction or non-direction of the exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Funding 1 in relation thereto.
- (c) Funding 1 shall not, without the prior written consent of the Funding 1 Security Trustee:
  - (i) permit any of the Funding 1 Agreements to which it is a party to become invalid or ineffective or the priority of the Security Interests created or evidenced thereby or pursuant thereto to be varied;



- (ii) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Funding 1 Agreements; or
- (iii) permit any party to any of the Funding 1 Agreements or any other person whose obligations form part of the Funding 1 Charged Property to be released from its obligations.

#### **4.6 New Funding 1 Secured Creditors**

- (a) In order to become a New Funding 1 Secured Creditor a creditor of Funding 1 must enter into an Accession Deed in or substantially in the form set out in Schedule 3 (Form of the Accession Deed).
- (b) Each New Funding 1 Secured Creditor will be bound by the provisions of this Deed as if it contained covenants by each New Funding 1 Secured Creditor in favour of the Funding 1 Security Trustee and every other Funding 1 Secured Creditor to observe and be bound by all provisions of this Deed to apply to the Funding 1 Secured Creditors.

### **5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS**

#### **5.1 Payments to Funding 1 Accounts**

At all times prior to the release, re-assignment, retrocession and/or discharge under Clause 18 (Release) of the Funding 1 Security, Funding 1 will, save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing, procure that all amounts received by Funding 1 under or in respect of the Funding 1 Agreements will be credited to the Funding 1 Accounts in accordance with Clause 6.2 (Funding 1 Bank Accounts) and the other applicable terms of the Funding 1 Agreements.

#### **5.2 No withdrawals from Funding 1 Accounts**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts other than as expressly permitted under this Deed or the Cash Management Agreement or with the prior written consent of the Funding 1 Security Trustee.

#### **5.3 No enforcement by Funding 1 Secured Creditors**

- (a) Except as provided below, each of Funding 1 Secured Creditors (other than, in the case of paragraph (iii) below, the Funding 1 Security Trustee) agrees with Funding 1 and the Funding 1 Security Trustee that:
  - (i) only the Funding 1 Security Trustee may enforce the Funding 1 Security in accordance with the terms and conditions of this Deed;
  - (ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1; and
  - (iii) it will not take any other steps or action against Funding 1 or the Funding 1 Charged Property for the purpose of recovering any of the Funding 1 Secured Obligations (including by exercising any rights of set-off) or enforcing any rights arising out of the Funding 1 Agreements against Funding 1.
- (b) If the Funding 1 Security Trustee has failed to enforce the Funding 1 Security within 30 days of becoming bound under the terms of this Deed so to do and that failure is continuing, then

the Issuer Security Trustee or (if there is no outstanding Loan Tranche under the Intercompany Loan Agreement) each of the other Funding 1 Secured Creditors will be entitled to take any steps and proceedings against Funding 1 for the purpose of recovering any of the Funding 1 Secured Obligations or enforcing any rights arising out of the Funding 1 Agreements as it considers necessary other than any steps or proceedings:

- (i) in respect of procuring the winding up, administration or liquidation of Funding 1; and/or
- (ii) which would result in the breach by it of Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) and/or Clause 7 (Payments out of Funding 1 Accounts Upon Acceleration) herein and/or any term of the other Funding 1 Agreements.

#### **5.4 Limited recourse**

- (a) Each Funding 1 Secured Creditor hereby agrees that, notwithstanding any other provision of any Funding 1 Agreement, all obligations of Funding 1 to each Funding 1 Secured Creditor in respect of the Funding 1 Secured Obligations owing to each Funding 1 Secured Creditor are limited in recourse as set out below:
  - (i) in the event of non-payment of any sum due and payable to a Funding 1 Secured Creditor, its only remedy shall be enforcement of the Funding 1 Security in accordance with the provisions of this Deed and the other Funding 1 Agreements; and
  - (ii) in the event that the net proceeds of enforcing and (as fully as practicable and over whatever time period the Funding 1 Security Trustee considers reasonably necessary) realising all Funding 1 Security are (after application of the proceeds in accordance with the provisions of this Deed) insufficient to discharge in full the amount of any Funding 1 Secured Obligation owed to a Funding 1 Secured Creditor, Funding 1's obligation in respect of the unpaid amount shall be automatically extinguished and such Funding 1 Secured Creditor shall have no further claim against Funding 1 in respect of such unpaid amount.
- (b) The provisions of this Clause 5.4 (Limited recourse) shall survive the termination of this Deed.

#### **5.5 Amounts received by Funding 1 Secured Creditors**

Each Funding 1 Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any Funding 1 Secured Obligation owed to it other than in accordance with the provisions of this Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this Deed shall be received and held by it as trustee for the Funding 1 Security Trustee and shall be paid over to the Funding 1 Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of this Deed.

## **6. PAYMENTS OUT OF FUNDING 1 ACCOUNTS PRIOR TO ACCELERATION**

### **6.1 Application**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts:

- (a) at any time upon and after enforcement of the Funding 1 Security without the prior written consent of the Funding 1 Security Trustee; and/or
- (b) under this Clause 6.1 (Application) at any time upon and after an Intercompany Loan Acceleration Notice has been served.

### **6.2 Funding 1 Bank Accounts**

Funding 1 shall at all times during the Funding 1 Security Period:

- (a) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Principal Receipts to Funding 1 under the Mortgages Trust is paid into the Funding 1 GIC Account;
- (b) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Loan Tranche which are to be applied in or towards repayment of another Loan Tranche are, pending such repayment, deposited in the Funding 1 GIC Account; and
- (c) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any Refinancing Distributions to Funding 1 under the Mortgages Trust Deed which are to be applied in or towards repayment of a Loan Tranche (a **Relevant Refinancing Distribution**) shall be paid into the Funding 1 GIC Account.

### **6.3 Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to be applied to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each Funding 1 Interest Payment Date

prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions to be applied to meet Funding 1's payment obligations in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.4 Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.5 Authorised Investments**

- (a) Notwithstanding Funding 1 Security but subject to Clause 6.1 (Application), the Cash Manager, on behalf of Funding 1, may withdraw amounts standing to the credit of Funding 1 Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Agreement and the Cash Management Agreement. All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 Transaction Account.
- (b) Notwithstanding the Funding 1 Security, the Cash Manager, on behalf of Funding 1, may sell or redeem or otherwise dispose of any Authorised Investments on any day prior to the enforcement of the Funding 1 Security subject to the terms and conditions of this Deed and the Cash Management Agreement.

#### **6.6 Enforcement When Not All Amounts Due and Payable**

If the Funding 1 Security Trustee enforces the Funding 1 Security at a time when either no amounts or not all amounts owing in respect of the Funding 1 Secured Obligations have become due and payable, the Funding 1 Security Trustee (or a Receiver) may, for so long as no such amounts or not

all such amounts have become due and payable, pay any monies referred to in Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein into, and retain such monies in, an interest-bearing account (a **retention account**) to be held by it as security and applied by it in accordance with Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein as and when any of the amounts referred to therein become due and payable.

## **7. PAYMENTS OUT OF FUNDING 1 ACCOUNTS UPON ACCELERATION**

### **7.1 Priorities of Payment – after service of an Intercompany Loan Acceleration Notice**

All monies received or recovered following service of an Intercompany Loan Acceleration Notice shall be applied by the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee (or a Receiver appointed on its behalf) (save to the extent required otherwise by law) in the order of priority set out in Part 3 of Schedule 4 (Funding 1 Priority of Payments).

### **7.2 Application of Monies Received after service of an Intercompany Loan Acceleration Notice**

Each Funding 1 Secured Creditor undertakes to pay to the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee or the Receiver, as the case may be, all monies received or recovered by it (including by way of set-off or otherwise) subsequent to the service of an Intercompany Loan Acceleration Notice in order that such amounts can be applied in accordance with Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice).

## **8. ENFORCEMENT BY THE FUNDING 1 SECURITY TRUSTEE**

### **8.1 Mandatory enforcement**

- (a) Subject to Clause 8.2 (Administrative receiver), the Funding 1 Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights, powers, discretions, authorities, duties and/or functions (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested or making any determination) and/or to take any other action under or in connection with any Funding 1 Agreement (including, without limitation, enforcing the Funding 1 Security) unless the Funding 1 Security Trustee:
  - (i) has been indemnified and/or secured to its satisfaction against all liabilities, cost, expenses, losses, claims and charges to which it may render itself liable or which it may incur by so doing and, for this purpose, the Funding 1 Security Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it; and
  - (ii) is directed to do so by:
    - (A) the Issuer Security Trustee; or
    - (B) if there is no outstanding Loan Tranche under the Intercompany Loan, the Funding 1 Secured Creditor that ranks highest in the order of priority of payment set out in Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice),

(in each case, the **Instructing Party**), in which case the Funding 1 Security Trustee will be bound to take such action in the manner instructed by the Instructing Party, provided that the Funding 1 Security Trustee may at all times, whether or not so instructed, take such action in respect of any right, power or discretion which is personal to the Funding 1 Security Trustee or is to preserve or protect the Funding 1 Security Trustee's position or is of a purely administrative nature.

- (b) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with any instructions received pursuant to paragraph (a) above. The Funding 1 Security Trustee shall be entitled to seek clarification from the relevant Instructing Party with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from such relevant Instructing Party and shall not be liable to any person for any loss occasioned thereby.
- (c) Upon being directed by the Issuer Security Trustee to enforce the Funding 1 Security in accordance with paragraph (a) above, the Funding 1 Security Trustee will notify Funding 1 and the Funding 1 Secured Creditors of such direction.

## **8.2 Administrative receiver**

- (a) Notwithstanding any term of this Deed, subject to paragraph (b) below, the Funding 1 Security Trustee must enforce the Funding 1 Security by appointing an administrative receiver in respect of Funding 1 if it has actual notice of:
  - (i) an application for the appointment of an administrator in respect of Funding 1; or
  - (ii) the giving of a notice of intention to appoint an administrator in respect of Funding 1,and that appointment shall take effect not later than the final day by which it must take effect in order to prevent an administration proceeding.
- (b) The Funding 1 Security Trustee is not liable for any failure to appoint or delay in appointing an administrative receiver in respect of Funding 1, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt:
  - (i) nothing in this Clause 8.2 (Administrative receiver) shall be construed so as to impose on the Funding 1 Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to this Clause 8.2 (Administrative receiver) except to the extent of (and from) the cash and assets comprising the Funding 1 Security held by the Funding 1 Security Trustee at such time;
  - (ii) the Funding 1 Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an administrative receiver on the terms as to indemnification referred to in paragraph (b)(i) above; and
  - (iii) subject to Clause 13.1(d), the Funding 1 Security Trustee shall be indemnified and/or secured in accordance with the provisions of this Deed.
- (c) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with paragraph (a) above.

- (d) Funding 1 hereby waives any claims against the Funding 1 Security Trustee in respect of any appointment made pursuant to this Clause 8.2 (Administrative receiver).

## **9. ENFORCEMENT OF FUNDING 1 SECURITY**

### **9.1 General**

- (a) For the purposes of all powers implied by statute, Funding 1 Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the 1925 Act (restricting the power of sale), Section 93 of the 1925 Act (restricting the right of consolidation) and Sections 20 and 17 of the 1881 Act do not apply to the Security Interests comprised in Funding 1 Security.

### **9.2 Intercompany Loan Acceleration Notice**

The Funding 1 Security will become immediately enforceable upon the service of an Intercompany Loan Acceleration Notice or, if there is no outstanding Loan Tranche under the Intercompany Loan, upon notice given to the Funding 1 Security Trustee by a Funding 1 Secured Creditor of failure by Funding 1 to pay any other Funding 1 Secured Obligation on its due date (subject to any applicable grace period).

### **9.3 Privileges**

The Funding 1 Security Trustee and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the 1925 Act and the 1881 Act on mortgagees and receivers duly appointed under the 1925 Act, except that Section 103 of the 1925 Act and Section 20 of the 1881 Act do not apply.

### **9.4 Power of sale**

The power of sale and other powers conferred by Section 101 of the 1925 Act, Section 19 of the 1881 Act and Section 4 of the 1911 Act as extended and varied by this Deed, will be immediately exercisable at any time after the Funding 1 Security has become enforceable.

### **9.5 Extension of the 1925 Act**

- (a) The statutory powers of leasing conferred on the Funding 1 Security Trustee are extended so as to authorise the Funding 1 Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Funding 1 Security Trustee may think fit and without the need to comply with any provision of Section 99 or 100 of the 1925 Act, Section 18 of the 1881 Act or Section 3 of the 1911 Act.
- (b) The statutory powers of sale and the other powers conferred on the Funding 1 Security Trustee by Section 101(1) and (2) of the 1925 Act, Section 19 of the 1881 Act and Section 4(1) of the 1911 Act are extended so as to authorise the Funding 1 Security Trustee (upon such terms as the Funding 1 Security Trustee may think fit and in accordance with the terms of this Deed) to:
  - (i) make demand in the name of the other Funding 1 Secured Creditors or in its own right for any moneys and liabilities in respect of the Funding 1 Charged Property; and

- (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 11 (Powers of Receiver) herein as if each of them was expressly conferred on the Funding 1 Security Trustee by this Deed.

## **9.6 Mortgagee in possession**

- (a) Neither the Funding 1 Security Trustee nor any Receiver will be liable, by reason of Funding 1 Security or entering into possession of any Funding 1 Charged Property, to account as mortgagee or security holder in possession or for any loss on realisation or for any default or omission for which a mortgagee or security holder in possession might be liable.
- (b) Each of the Funding 1 Security Trustee, the other Funding 1 Secured Creditors and any Receiver will not take any action (other than, in the case of the other Funding 1 Secured Creditors, with the Funding 1 Security Trustee's prior written consent) which would be likely to lead to the Funding 1 Security Trustee or the other Funding 1 Secured Creditors becoming a mortgagee or security holder in possession in respect of any Funding 1 Charged Property.

## **9.7 Protection of third parties**

No person (including a purchaser) dealing with the Funding 1 Security Trustee or any Receiver or its or his agents will be concerned to enquire:

- (a) whether the Funding 1 Secured Obligations remain outstanding or have become payable;
- (b) whether any power which the Funding 1 Security Trustee or that Receiver is purporting to exercise has become exercisable or is being properly exercised; or
- (c) how any money paid to the Funding 1 Security Trustee or to that Receiver is to be applied,

and the protections afforded to purchasers from a mortgagee by Sections 104 and 107 of the 1925 Act and Sections 21 and 22 of the 1881 Act and to persons dealing with an administrative receiver by Section 42(3) of the Insolvency Act 1986 will apply.

## **9.8 Contingencies**

If the Funding 1 Security is enforced at a time when no amount is due in respect of the Funding 1 Secured Obligations or any of Funding 1 Secured Obligations are contingent or future, the Funding 1 Security Trustee or any Receiver may pay the proceeds of any recoveries effected by it into any interest-bearing account to be held by it as security and applied in accordance with the terms and conditions of this Deed and the Cash Management Agreement.

## **9.9 Disposal of Funding 1 Charged Properties**

Notwithstanding the foregoing provisions of this Clause 9, if the Funding 1 Security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of any AAA Loan Tranche, the Funding 1 Security Trustee will not be entitled to dispose of all or part of the Funding 1 Charged Property unless either:

- (a) the Funding 1 Security Trustee shall have been advised by a financial adviser or such other professional adviser selected by it (whose advice or opinion shall be conclusive and binding) that a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing under all AAA Loan Tranches of the Issuer and all prior ranking amounts due by Funding 1 in accordance with the Funding 1 Priorities of Payments; and



- (b) the Funding 1 Security Trustee is of the sole opinion, which shall be binding on the Funding 1 Secured Creditors, reached after considering at any time and from time to time the advice of any financial or such other professional advisers selected by the Funding 1 Security Trustee in its absolute discretion (acting reasonably) for the purpose of giving such advice, that the cash flow prospectively receivable by Funding 1 will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of Funding 1, to discharge in full in due course all amounts owing in respect of each AAA Loan Tranche and all prior ranking amounts due by Funding 1.

The fees and expenses of the aforementioned financial adviser or such other professional adviser selected by the Funding 1 Security Trustee shall be paid by Funding 1.

#### **9.10 Scottish Trust Property**

Without prejudice to the provisions of this Clause 9 (Enforcement of Funding 1 Security) and Clause 19 (Directions from Beneficiaries) of the Mortgages Trust Deed, Funding 1 and the Mortgages Trustee hereby undertake to the Funding 1 Security Trustee that if at any time after the Funding 1 Security shall have become enforceable and the Funding 1 Security Trustee or any Receiver shall so require, they will join together in directing the Seller to sell or dispose of all or any part of the Scottish Trust Property on terms previously approved by the Funding 1 Security Trustee and/or in causing the trusts constituted by any Scottish Declaration of Trust to be wound up or performed and they will take all such actions and execute all such documents as may be necessary to effect such sale or disposal or winding-up or performance and the distribution or transfer of the Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust, the Mortgages Trust Deed and this Deed. The Seller and the Mortgages Trustee hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust.

### **10. RECEIVER**

#### **10.1 Appointment of Receiver**

- (a) Except as provided below, the Funding 1 Security Trustee may appoint any one or more persons to be a Receiver of all or any part of Funding 1 Charged Property if the Funding 1 Security has become enforceable.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the 1925 Act and sections 24(6) and (8) of the 1881 Act) does not apply to this Deed.
- (d) The Funding 1 Security Trustee is not entitled to appoint a Receiver solely as a result of:
- (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium,

under the Insolvency Act 2000 or the Insolvency (Northern Ireland) Order 2002 (if appropriate).

## **10.2 Removal**

The Funding 1 Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated. The Funding 1 Security Trustee may apply to the court for an order removing an administrative receiver.

## **10.3 Remuneration**

The Funding 1 Security Trustee may fix the remuneration of any Receiver appointed by it and the maximum rate specified in Section 109(6) of the 1925 Act and Section 24 of the 1881 Act will not apply. Funding 1 will pay the remuneration of any Receiver in accordance with the terms and in the manner agreed from time to time between the relevant Receiver and the Funding 1 Security Trustee, subject to the terms and conditions of this Deed.

## **10.4 Agent of Funding 1**

- (a) A Receiver will be deemed to be the agent of Funding 1 for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the 1925 Act, the 1881 Act or the 1911 Act. Funding 1 alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) If a liquidator of Funding 1 is appointed, the Receiver will act as principal and not as agent of the Funding 1 Security Trustee.
- (c) The Funding 1 Security Trustee will not incur any liability (either to Funding 1 or to any other person) by reason of the appointment of a Receiver.

## **10.5 Relationship with Funding 1 Security Trustee**

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after Funding 1 Security becomes enforceable be exercised by the Funding 1 Security Trustee in relation to any Funding 1 Charged Property without first appointing a Receiver and notwithstanding the appointment of a Receiver.

# **11. POWERS OF RECEIVER**

## **11.1 General**

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause 11 (Powers of Receiver) in addition to those conferred on it by any law; this includes:
  - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate); and
  - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the 1925 Act or the 1881 Act and the 1911 Act (if appropriate) and the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate).

- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

## **11.2 Possession**

A Receiver may take immediate possession of, get in and collect any Funding 1 Charged Property.

## **11.3 Carry on business**

A Receiver may carry on any business of Funding 1 in any manner he thinks fit.

## **11.4 Employees**

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by Funding 1.

## **11.5 Borrow money**

A Receiver may raise and borrow money either unsecured or on the security of any Funding 1 Charged Property either in priority to the Funding 1 Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

## **11.6 Sale of assets**

- (a) A Receiver may sell, exchange, convert into money and realise any Funding 1 Charged Property by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Funding 1.

## **11.7 Leases**

A Receiver may let any Funding 1 Charged Property for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Funding 1 Charged Property on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

## **11.8 Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Funding 1 or relating in any way to any Funding 1 Charged Property, provided that, any such claim has priority to or ranks *pari passu* with this Deed.

### **11.9 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Funding 1 Charged Property which he thinks fit.

### **11.10 Receipts**

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Funding 1 Charged Property.

### **11.11 Subsidiaries**

A Receiver may form a Subsidiary of Funding 1 and transfer to that Subsidiary any Funding 1 Charged Property.

### **11.12 Delegation**

A Receiver may delegate his powers in accordance with this Deed.

### **11.13 Lending**

A Receiver may lend money or advance credit to any customer of Funding 1.

### **11.14 Protection of assets**

A Receiver may:

- (a) effect any repair or insurance and do any other act which Funding 1 might do in the ordinary conduct of its business to protect or improve any Funding 1 Charged Property;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

### **11.15 Uncalled capital**

A Receiver may call up or require the directors of Funding 1 to call up any uncalled capital of Funding 1.

### **11.16 Payment of expenses**

A Receiver may pay and discharge, out of the profits and income of Funding 1 Charged Property and any moneys made by it in carrying on the business of Funding 1, the expenses incurred by it in connection with the carrying on and management of that business or in the exercise of any of the powers conferred by this Clause 11 (Powers of Receiver) or otherwise in respect of any Funding 1 Charged Property and all other expenses which it shall think fit to pay and will apply the residue of those profits and income in accordance with the terms and conditions of this Deed.

## **11.17 Other powers**

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Funding 1 Charged Property or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Funding 1 Charged Property all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Funding 1 Charged Property; and
- (c) use the name of Funding 1 for any of the above purposes.

## **12. MODIFICATION, AUTHORISATION, WAIVER AND CONSENT**

### **12.1 Modification**

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee may, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required), concur with Funding 1 or any other person in making or giving its consent to any modification to any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise with the prior consent of all of the Funding 1 Secured Creditors.
- (b) Subject to paragraph (c) below, the Funding 1 Security Trustee shall, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required) be required to concur with Funding 1 or any other person in making or giving its consent to any modification (other than a Basic Terms Modification which shall require the approval of Noteholders by way of Extraordinary Resolution) to any Funding 1 Agreement or the Master Definitions and Construction Schedule that are requested by Funding 1 or the Cash Manager, provided that Funding 1 or the Cash Manager, as the case may be, has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to accommodate:
  - (i) Notes to be issued and/or Loan Tranches to be made available by the Issuer to Funding 1 under the Intercompany Loan Agreement;
  - (ii) the entry into by Funding 1 or any Further Funding Company of any New Intercompany Loan Agreement or the issue of New Notes by the Issuer or any New Funding 1 Issuer;
  - (iii) the addition of other relevant Funding 1 Secured Creditors and/or Issuer Secured Creditors and/or New Issuers and/or Further Funding Companies to the Transaction Documents;
  - (iv) the assignment of New Loan Types or their Related Security to the Mortgages Trustee;
  - (v) the inclusion of a New Beneficiary as a beneficiary of the Mortgages Trust;

- (vi) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in paragraphs (i) and (ii) above;
  - (vii) changes to the General Reserve Fund Required Amount and/or any additional amounts for the purposes of an Arrears or Step-Up Trigger Event and/or the Liquidity Reserve Fund Required Amount and/or the manner in which such amounts are funded;
  - (viii) the establishment of the Funding 1 Liquidity Facility; and/or
  - (ix) changes to be made to the definitions of Asset Trigger Event and Non-Asset Trigger Event.
- (c) The Funding 1 Security Trustee shall only be required to agree or consent to the modifications set out in paragraph (b) above if the Funding 1 Security Trustee is satisfied that:
- (i) in respect of the matters set out in paragraphs (b)(i), (iv) and (v), Funding 1 or the Cash Manager has certified to the Funding 1 Security Trustee that the conditions precedent to:
    - (A) Notes being issued by the Issuer and/or Loan Tranches being made available to Funding 1 (as set out in Condition 15 and Clause 3 of the Intercompany Loan Agreement);
    - (B) the assignment of New Loans to the Mortgages Trustee (as set out in Clause 4 of the Mortgage Sale Agreement);
    - (C) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in Clause 17 of the Mortgages Trust Deed),
 have been satisfied; and
  - (ii) in respect of the matters set out in paragraphs (b)(i) to (b)(ix) inclusive, the Funding 1 Security Trustee has received written confirmation from each of the Rating Agencies that the relevant modifications will not result in a reduction, qualification or withdrawal of the current ratings of the Notes.
- (d) Each Funding 1 Secured Creditor hereby acknowledges that the Funding 1 Security Trustee is required to make the modifications set out in paragraph (b) above (subject to paragraph (c)), and each Funding 1 Secured Creditor further acknowledges that such modifications may adversely affect the manner in which the Mortgages Trustee allocates monies to Funding 1 and/or the amount of monies available to Funding 1 to meet the Funding 1 Secured Obligations. Each Funding 1 Secured Creditor agrees that such modifications shall be binding on it and unless the Funding 1 Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Funding 1 Secured Creditors as soon as practicable after the modifications have been made.
- (e) Each of the Funding 1 Secured Creditors agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other documents and instruments (to the extent that the Funding 1 Security Trustee is a party thereto, in form and substance satisfactory to it) as may be required by law or necessary to give effect to the intent and purpose of this Clause 12.1 (Modification).

## **12.2 Authorisation or waiver**

The Funding 1 Security Trustee shall waive or authorise (without prejudice to its rights in respect of any further or other breach) any breach or proposed breach by Funding 1 or any other person of any of the covenants or provisions of any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.3 Requests for consent or approval**

If a request is made to the Funding 1 Security Trustee by Funding 1 or any other person to give its consent or approval to any event, matter or thing, then:

- (a) if any Funding 1 Agreement specifies that the Funding 1 Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied in relation to that event, matter or thing, then the Funding 1 Security Trustee will give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied; and
- (b) in any other case, the Funding 1 Security Trustee shall give its consent or approval to that event, matter or thing only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.4 Binding on Funding 1 Secured Creditors**

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) will be binding on all of the Funding 1 Secured Creditors.

## **12.5 Additional terms and conditions**

- (a) Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) may be made or given on such terms and subject to such conditions (if any) as the Issuer Security Trustee may direct, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.6 Notice to Funding 1 Secured Creditors**

If required by the Funding 1 Security Trustee, Funding 1 will as soon as practicable notify each of the other Funding 1 Secured Creditors in accordance with this Deed of any modification, authorisation or, waiver or consent made under this Clause 12 (Modification, Authorisation, Waiver and Consent).

# **13. ADDITIONAL PROVISIONS REGARDING THE FUNDING 1 SECURITY TRUSTEE**

## **13.1 Incorporation of Note Trust Deed provisions**

- (a) Without prejudice to the other provisions of this Deed and except as set out below, the following Clauses of the Note Trust Deed are incorporated in and will apply, *mutatis mutandis*, to this Deed (and for that purpose references in that Clause to "these presents" or to "this Deed" will be construed as references to this Deed and references in that Clause to "the Note Trustee" will be construed as references to the Funding 1 Security Trustee):

- (i) Clause 16 (Remuneration and Indemnification of the Note Trustee);
  - (ii) Clause 17 (Supplement to Trustee Acts) (other than subclauses (d), (h), (p), (r) and (t));
  - (iii) Clause 18 (Note Trustee's liability);
  - (iv) Clause 19 (Note Trustee Contracting with the Issuer);
  - (v) Clause 23 (New Note Trustee);
  - (vi) Clause 24 (Note Trustee's Retirement and Removal); and
  - (vii) Clause 25 (Note Trustee's Powers to be Additional).
- (b) Reference in the clauses of the Note Trust Deed identified in subclause (a) above to:
- (i) "Issuer" will be construed as references to "Funding 1" and in the case of Clause 17(b) of the Note Trust Deed the reference to the "Issuer" shall be retained and be deemed to include a reference to "Funding 1";
  - (ii) "Note Event of Default" will be construed as references to "Intercompany Loan Event of Default";
  - (iii) "Noteholders" will be construed as references to "Funding 1 Secured Creditors";
  - (iv) "Issuer Charged Property" will be construed as references to "Funding 1 Charged Property";
  - (v) "Issuer Transaction Documents" will be construed as references to "Funding 1 Agreements"; and
  - (vi) "Issuer Deed of Charge" will be construed as references to "Funding 1 Deed of Charge".
- (c) Clause 15 (Remuneration and Indemnification of the Note Trustee) of the Note Trust Deed will be amended so that:
- (i) the last sentence of clause 15.1 is deleted and replaced by the following:  

"Such remuneration shall accrue from day to day and be payable up to and including the date when Funding 1 Security Period has expired and the Funding 1 Security Trustee has released, reassigned and/or discharged Funding 1 Charged Property from Funding 1 Security as provided under this Deed.";
  - (ii) each of the references to the Note Trustee in clauses 15.5, 15.6 and 15.7 include a reference to any Receiver appointed by the Funding 1 Security Trustee; and
  - (iii) the references to "Series and Class of Notes" and "Notes of any Series and Class" in clause 15.8 shall be replaced by "Loan Tranche".
- (d) The following words shall be added to the end of clause 16.9 before the final full stop:
- ", provided that if the Funding 1 Security Trustee is required to appoint an administrative receiver pursuant to clause 8.2 (Administrative receiver) of Funding 1 Deed of Charge, the



Funding 1 Security Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against Funding 1 under Funding 1 Deed of Charge and the security that it has in respect of such rights but otherwise without limitation to its right of indemnity and/or security under this Deed."

### **13.2 No transfer of obligations**

Notwithstanding anything else in this Deed, the Funding 1 Security Trustee does not assume and will not be obliged to perform any obligations of any other party to this Deed.

### **13.3 No obligation to insure**

The Funding 1 Security Trustee shall not be under any obligation to insure in respect of any of Funding 1 Charged Property or to require any other person to maintain any such insurance.

### **13.4 Additional Funding 1 Security Trustee provisions**

- (a) The Funding 1 Security Trustee shall be under no obligation to monitor or supervise the functions of the Servicer under the Servicing Agreement or any other Transaction Document or the Cash Manager under the Cash Management Agreement or any other Transaction Document or the Mortgages Trustee Account Bank or the Funding 1 Account Bank under the Mortgages Trustee Account Bank Agreement and the Funding 1 Account Bank Agreement respectively or any other Transaction Agreement or of any other person under or pursuant to any of the Transaction Documents.
- (b) Funding 1 shall provide to the Funding 1 Security Trustee such information as it shall reasonably request in writing to enable it to perform its functions as Funding 1 Security Trustee under the Funding 1 Agreements.
- (c) The Funding 1 Security Trustee shall not be liable to Funding 1 for acting on the request, direction or instruction of the Issuer Security Trustee or any Funding 1 Secured Creditor.
- (d) The Funding 1 Security Trustee shall not be obliged to monitor compliance by the Seller with the Representations and Warranties or to ascertain whether or not any such of the Representations and Warranties is true, accurate or complete.
- (e) The Funding 1 Security Trustee shall be entitled to assume that each of Funding 1, the Seller, the Mortgages Trustee and the Issuer is complying with their respective obligations under the Transaction Documents unless it has actual knowledge to the contrary.
- (f) The Funding 1 Security Trustee shall be entitled to rely (without further investigation or inquiry) upon any document, reasonably believed by it to be genuine, provided to it by Funding 1, the Mortgages Trustee or the Cash Manager in respect of every matter and circumstances prima facie within the knowledge of Funding 1, the Mortgages Trustee or the Cash Manager and the Funding 1 Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused by it failing to do so.
- (g) The Funding 1 Security Trustee may provide information to the Issuer Security Trustee under the Issuer Deed of Charge and to the Note Trustee under the Note Trust Deed.
- (h) The Funding 1 Security Trustee shall be entitled to rely on any certificate addressed to it whether in its capacity as Funding 1 Security Trustee under this Deed, as Issuer Security

Trustee under the Issuer Deed of Charge or as Note Trustee under the Note Trust Deed and may rely on information provided to it in any such capacity.

- (i) The Funding 1 Security Trustee, if not the same as the Note Trustee and/or the Issuer Security Trustee, shall provide the Note Trustee and the Issuer Security Trustee with any information that either or both of them reasonably require.
- (j) The Funding 1 Security Trustee, if not the same as the Issuer Security Trustee and/or the Note Trustee, shall notify the Note Trustee and/or the Issuer Security Trustee of any breach of any provisions of this Deed or the Funding 1 Agreements and any event of which it has knowledge which would or may result in this Deed or the Funding 1 Security created thereby becoming enforceable.
- (k) Nothing in this Deed shall preclude the Issuer Security Trustee, the Note Trustee and the Funding 1 Security Trustee from exchanging information.

### **13.5 The Trustee**

- (a) Law Debenture Trust Company of New York (the **Initial Trustee**) is acting as Note Trustee under the Note Trust Deed and as Issuer Security Trustee under the Issuer Deed of Charge and as Funding 1 Security Trustee under this Deed (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Clause 13.5 as the **Trustee**). No entity may act as a trustee in any such capacity unless it is also the Trustee in all such capacities or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more of such capacities. In any capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.
- (b) Neither the Initial Trustee nor any of its successors has any responsibility to Noteholders, the Issuer Secured Creditors or the Funding 1 Secured Creditors for the validity, sufficiency or enforceability of the Issuer Security and the Funding 1 Security (which the Initial Trustee has not investigated) and shall accept such title and interest as any chargor or mortgagor has without responsibility for investigating the same or any defect there may be therein. Neither the Initial Trustee nor any of its successors are responsible for monitoring the performance by any person of its obligations to the Issuer, Funding 1 or any other person and each may assume until it has actual knowledge to the contrary that such obligations are being duly performed.

## **14. FUNDING 1 SECURITY POWER OF ATTORNEY**

Immediately upon execution of this Deed, Funding 1 will execute and deliver to the Funding 1 Security Trustee the Funding 1 Security Power of Attorney. The Funding 1 Security Trustee confirms that it may exercise the powers conferred under the Funding 1 Security Power of Attorney if:

- (a) the Funding 1 Security has become enforceable;
- (b) it considers such action necessary for the protection or preservation of the Attorney's (as defined in the Funding 1 Security Power of Attorney) interests and rights in and to the Funding 1 Charged Property; and/or
- (c) it considers such action ought to be done under the covenants, undertakings and provisions contained in this Deed.

## **15. FURTHER ASSURANCES**

Funding 1 must, at its own expense, take whatever action the Funding 1 Security Trustee or a Receiver may require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or
- (b) facilitating the realisation of any Funding 1 Charged Property, or the exercise of any right, power or discretion exercisable, by the Funding 1 Security Trustee or any Receiver or any of its delegates or sub-delegates in respect of any Funding 1 Charged Property.

This includes:

- (i) the execution of any transfer, conveyance, assignment, assignation or assurance of any property, whether to the Funding 1 Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Funding 1 Security Trustee may think expedient.

## **16. ADDITIONAL PROVISIONS RELATING TO FUNDING 1 SECURITY**

### **16.1 Continuing Security**

Funding 1 Security will remain in force as continuing security for Funding 1 Secured Obligations notwithstanding any settlement of account or the existence at any time of a credit balance on any Funding 1 Account or other account or any other act, event or matter.

### **16.2 No merger**

Funding 1 Security is in addition to, and will not be merged in, or in any way exclude or prejudice any other Security Interest or other right which the Funding 1 Security Trustee or any other Funding 1 Secured Creditor may now or at any time have (or would apart from Funding 1 Security have) as regards Funding 1 or any other person in respect of the Funding 1 Secured Obligations.

### **16.3 Avoidance of security or payment**

- (a) If an amount paid to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors under a Funding 1 Agreement is capable of being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (b) Any settlement, discharge or release between Funding 1 and the Funding 1 Security Trustee (or any Receiver) will be conditional upon no security or payment granted or made to the Funding 1 Security Trustee (or any Receiver, as the case may be) by Funding 1 or any other person being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force.
- (c) If any security or payment is avoided or reduced in the circumstances described in paragraph (a) above, then the Funding 1 Security Trustee (or any Receiver, as the case may be) will be entitled to recover the value or amount of such security or payment from Funding 1 as if the relevant settlement, discharge or release had not occurred.

#### **16.4 Retention of Funding 1 Security**

- (a) If the Funding 1 Security Trustee has grounds for believing that Funding 1 may be unable to pay its debts as they fall due as at the date of any payment made by Funding 1 to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors, then the Funding 1 Security Trustee may retain Funding 1 Security until the expiry of a period of (subject to paragraph (b) below) one month plus the statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all the Funding 1 Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Funding 1 Security Trustee on, or as a consequence of, such payment or discharge of liability.
- (b) If, at any time within the period referred to in paragraph (a) above, any person presents a petition, or files documents with a court or any registrar for the winding-up or administration of Funding 1 or any analogous proceedings are commenced by or against Funding 1, the Funding 1 Security Trustee may continue to retain the Funding 1 Security for such further period as it may determine and the Funding 1 Security will be deemed to continue to be held as security for the payment and discharge to the Funding 1 Security Trustee of all of the Funding 1 Secured Obligations.

#### **16.5 Change of name, etc.**

This Deed will remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Funding 1 Security Trustee or Funding 1 or any merger, amalgamation or consolidation by the Funding 1 Security Trustee or Funding 1 with any other corporation.

#### **16.6 Negative pledge**

Funding 1 shall not, save for the Funding 1 Security, or with the prior written consent of the Funding 1 Security Trustee, or unless otherwise permitted under any of Funding 1 Agreements, create or permit to subsist any Security Interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings present or future (including any uncalled capital) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any Security Interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one or a series of transactions) or grant any option or right to acquire any such property, assets or undertaking present or future.

#### **16.7 Funding 1 Accounts**

Funding 1 hereby undertakes that, for so long as any Funding 1 Secured Obligations remain outstanding, it shall not (without the prior written consent of the Funding 1 Security Trustee):

- (a) open or maintain any bank account or deposit account with any bank or any other financial institution other than the Funding 1 Bank Accounts; or
- (b) close the Funding 1 Bank Accounts,

other than in accordance with the Funding 1 Bank Account Agreement and this Deed.

## 16.8 Additional positive covenants

Funding 1 covenants and undertakes with the Funding 1 Security Trustee for the benefit of the Funding 1 Secured Creditors as follows:

- (a) to cause to be prepared and certified by its auditors in respect of each Financial Year accounts in such form as will comply with relevant legal and accounting requirements for the time being;
- (b) at all times to keep or procure the keeping of proper books of account and records as may be necessary to comply with all applicable laws and so as to enable financial statements to be prepared and to allow the Funding 1 Security Trustee and any person or persons appointed by the Funding 1 Security Trustee to whom Funding 1 shall have no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing provided that such inspection shall only be for the purposes of carrying out its duties under this Deed and any information so obtained shall only be used and passed on to any other person for the purpose of the Funding 1 Security Trustee carrying out its duties under this Deed;
- (c) to give notice in writing to the Funding 1 Security Trustee of the occurrence of an Intercompany Loan Event of Default, a Potential Intercompany Loan Event of Default and/or the service of an Intercompany Loan Acceleration Notice (which has not been served by the Funding 1 Security Trustee) (such notice to be effective by the delivery of a copy of the Intercompany Loan Acceleration Notice to the Funding 1 Security Trustee) immediately upon becoming aware thereof and without waiting for the Funding 1 Security Trustee to take any further action;
- (d) give to the Funding 1 Security Trustee (i) within 14 days after demand by the Funding 1 Security Trustee therefore and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each Financial Year and in any event not later than the date required by statute to file or publish (whichever is earlier) such audited accounts after the end of each such Financial Year a certificate signed by two directors of Funding 1 to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) an Intercompany Loan Event of Default or a Potential Intercompany Loan Event of Default (or if such then exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate Funding 1 has complied, to the best of their knowledge and belief, with all its obligations contained in this Deed and each of the other Funding 1 Agreements or (if such is not the case) specifying the respects in which it has not so complied;
- (e) at all times to execute all such further documents and do all such further acts and things as may in the reasonable opinion of the Funding 1 Security Trustee be necessary at any time or times to give effect to the terms and conditions of this Deed and the other Funding 1 Agreements;
- (f) at all times to comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Funding 1 Agreements; and
- (g) duly and promptly to pay and discharge all Taxes imposed upon it or its assets unless such Taxes are, in the opinion of the Funding 1 Security Trustee, being contested in good faith by Funding 1.

## **17. SET-OFF**

- (a) The Funding 1 Security Trustee may at any time following an Intercompany Loan Event of Default (without notice and notwithstanding any settlement of account or other matter):
  - (i) combine or consolidate all or any existing accounts of Funding 1 whether in its own name or jointly with others and held by it or any Funding 1 Secured Creditor;
  - (ii) set-off or transfer all or any part of any credit balance or any sum standing to the credit of any account referred to in paragraph (i) above (whether or not the same is due to Funding 1 from the Funding 1 Security Trustee or relevant Funding 1 Secured Creditor and whether or not the credit balance and the account in debit or the Funding 1 Secured Obligations are expressed in the same currency) in or towards satisfaction of any of the Funding 1 Secured Obligations; and/or
  - (iii) in its discretion, estimate the amount of any liability of Funding 1 which is contingent or unascertained and set-off such estimated amount.
- (b) No amount will be payable by the Funding 1 Security Trustee to Funding 1 unless and until all Funding 1 Secured Obligations have been ascertained and fully repaid or discharged.

## **18. RELEASE**

### **18.1 Upon discharge of Funding 1 Secured Obligations**

At the end of Funding 1 Security Period, the Funding 1 Security Trustee will, at the cost of Funding 1, take whatever action is necessary to release the Funding 1 Charged Property from the Funding 1 Security to, or to the order of, Funding 1.

### **18.2 Authorised Investments**

Upon Funding 1 or the Cash Manager on its behalf making a disposal of an Authorised Investment charged under this Deed and provided that the proceeds of such disposal are paid into the Funding 1 Transaction Account in accordance with the terms of this Deed and the Cash Management Agreement, such Authorised Investment will be deemed to be released from the Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1 take whatever action is necessary to release that Authorised Investment from the Funding 1 Security.

### **18.3 Trust Property**

Upon the repurchase by the Seller from the Mortgages Trustee of any Loan and its Related Security charged under this Deed in accordance with the terms of the Mortgage Sale Agreement, such Loan and its Related Security shall no longer form part of the Trust Property (or, in the case of any Scottish Loan and its Related Security, the Scottish Trust Property in accordance with Clause 8 (Termination of Trust) of the relevant Scottish Declaration of Trust) and shall be released from the Funding Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1, take whatever action is necessary to release that Loan and its Related Security from the Funding 1 Security.

### **18.4 Funding 1 Accounts**

For the avoidance of doubt, all amounts which the Cash Manager (on behalf of Funding 1 and, following service of a Loan Acceleration Notice if the Cash Manager is appointed as agent of the Funding 1 Security Trustee, the Funding 1 Security Trustee or its appointee) is permitted to

withdraw from the Funding 1 Transaction Account pursuant to Clause 6.2 (Funding 1 Bank Accounts), Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration) or Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration) will be deemed to be released from the Funding 1 Security upon the relevant withdrawal provided that, where the relevant amount is transferred to another Funding 1 Account, it will become subject to the Funding 1 Security in respect of that other Funding 1 Account.

#### **18.5 No liability for loss**

The Funding 1 Security Trustee will not be liable to Funding 1 or any other person for any loss, costs, claims or liabilities arising in connection with its acting upon a request made under this Clause 18 (Release) and/or any release made under this Clause 18 (Release).

### **19. FUNDING 1 REPRESENTATIONS**

#### **19.1 Title**

Funding 1 represents to the Funding 1 Security Trustee that it is the beneficial owner of the Funding 1 Charged Property and the Funding 1 Charged Property is free of any Security Interests (except for those created by or under this Deed) and any other rights or interests (including any licences) in favour of third parties.

#### **19.2 No restriction**

Funding 1 represents to the Funding 1 Security Trustee that as at the Initial Closing Date none of its property, assets and/or undertaking are subject to any restriction (whether contractual or otherwise) that may render the Security Interests granted by Funding 1 under this Deed ineffective or which otherwise prohibit the grant of such Security Interests.

#### **19.3 Steps taken**

Funding 1 represents to the Funding 1 Security Trustee that it has taken all necessary steps to enable it to create the Funding 1 Security in accordance with this Deed and has taken no actions or steps which will or may prejudice its rights, title and interest in, to and under any Funding 1 Charged Property.

#### **19.4 Funding 1 Agreements**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) each Funding 1 Agreement is its legally binding, valid, and enforceable obligation;
- (b) it is not in default of any of its obligations under any Funding 1 Agreement;
- (c) there is no prohibition on assignment in any Funding 1 Agreement; and
- (d) its entry into and performance of this Deed will not conflict with any term of any Funding 1 Agreement.

#### **19.5 Nature of security**

Funding 1 represents to the Funding 1 Security Trustee that this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on its liquidation or

administration or otherwise, except that Security Interests expressed to be fixed may take effect as floating charge security.

#### **19.6 United States Activities**

Funding 1 represents to the Funding 1 Security Trustee that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles and will not 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.

#### **19.7 Centre of main interests and establishment**

- (a) Funding 1 represents to the Funding 1 Security Trustee that its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and it does not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.
- (b) Funding 1 undertakes to conduct its business and affairs such that, at all relevant times, its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations will be and remain in England and it will not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.

#### **19.8 Times for making representations**

- (a) The representations set out in this Deed (including in this Clause 19 (Funding 1 Representations)) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Funding 1 on each date during Funding 1 Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

#### **19.9 Funding 1 Profit Amount**

In the event that a permanent regime is established with respect to the taxation of securitisation special purpose companies pursuant to the Finance Act 2005 and Funding 1 elects to enter into such regime (which Funding 1 hereby undertakes to do at the earliest opportunity and, in any event, within the requisite time limits therefor and in the form required by the regulations made to introduce that regime), Funding 1 shall consider from time to time the level of the profit made by Funding 1 and if Funding 1 determines that a change in such level is appropriate in all the circumstances, then Funding 1 shall certify, with a copy to the Rating Agencies and the Funding 1 Security Trustee that its tax position shall not be adversely affected thereby.

### **20. EVIDENCE OF INDEBTEDNESS**

In any action, proceedings or claim relating to this Deed or the Funding 1 Security, any statement (which will contain information in reasonable detail in support thereof) as to:

- (a) any amount due to any Funding 1 Secured Creditor;



- (b) all or any part of the Funding 1 Secured Obligations; or
- (c) any amounts which have been notified to the Funding 1 Security Trustee as being amounts due to any Funding 1 Secured Creditor,

in each case, which is certified as being correct by an officer of the relevant Funding 1 Secured Creditor will be conclusive evidence that such amount is in fact due and payable.

## **21. RIGHTS CUMULATIVE**

The respective rights of the Funding 1 Security Trustee and any Receiver under this Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

## **22. SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

## **23. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile). This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been executed and delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party hereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## **24. NOTICES**

### **24.1 In writing**

Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post or by fax. Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

### **24.2 Party details**

The contact details of each party to this Deed for all communications in connection with this Deed are those set out below:

- (a) in the case of Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (b) in the case of the Issuer, to Fosse Master Issuer plc, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (c) in the case of the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider and the Funding 1 Start-Up Loan Provider, to Alliance & Leicester plc, Carlton Park, Narborough, Leicester LE19 0AL (facsimile number: +44 (0) 0870 907 2277) for the attention of the Group Treasurer;
- (d) in the case of the Mortgages Trustee, to Fosse Finance Trustee Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (facsimile number: +44 (0) 1534 609 333) for the attention of Harvey Austin-Vautier;
- (e) in the case of the Corporate Services Provider, to Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0) 20 7398 6325) for the attention of the Directors;
- (f) in the case of each of the Issuer Security Trustee and the Funding 1 Security Trustee, to Law Debenture Trust Company of New York, 767 Third Avenue – 31<sup>st</sup> Floor, New York, New York 10017 (facsimile number +1 212 750 1361) for the attention of Patrick Healy;
- (g) in the case of Moody's, to Moody's Investor Services Limited, 2 Minster Court, Mincing Lane, London EC3R 7XB (facsimile number: +44 (0) 20 7772 5400) for the attention of Asset Backed Finance;
- (h) in the case of S&P, to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 20 Canada Square, London, United Kingdom, E14 5LH (facsimile number: +44 (0) 20 7826 3598) for the attention of the Structured Finance Surveillance Group; and
- (i) in the case of Fitch, to Fitch Ratings Ltd., Eldon House, 2 Eldon Street, London EC2M 7UA (facsimile number: +44 (0) 20 7417 6262) for the attention of European Structured Finance.

### **24.3 Changes**

Any party may change its contact details by giving five London Business Days' notice to the other parties.

### **24.4 Effectiveness**

- (a) Except as provided below, any notice in connection with this Deed will be deemed to be given as follows:
  - (i) if delivered in person, at the time of the delivery;
  - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
  - (iii) if by fax, when received in legible form.

- (b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## **25. ASSIGNMENT**

Neither Funding 1 nor any of the Funding 1 Secured Creditors may assign, encumber or transfer all or any part of its rights or benefits and/or transfer its obligations under this Deed without the prior written consent of the Funding 1 Security Trustee, save that the Issuer may assign its rights under this Deed without such consent to the Issuer Security Trustee under the Issuer Deed of Charge.

## **26. LANGUAGE**

- (a) Any notice given in connection with this Deed must be in English.
- (b) Any other document provided in connection with this Deed must be:
  - (i) in English; or
  - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

## **27. LAW AND JURISDICTION**

### **27.1 Governing Law**

This Deed and all matters arising out of or in connection with it shall be governed by, and construed in accordance with, English law (provided that any terms of this Deed which are particular to Scots law shall be construed in accordance with the laws of Scotland and any terms of this Deed which are particular to Northern Irish law shall be construed in accordance with the laws of Northern Ireland).

### **27.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **27.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with any finance document or any transaction contemplated by any finance document. This deed may be filed as a written consent to trial by court.

## **28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 29. EFFECTIVENESS OF EXECUTION

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding upon Funding 1 and the Funding 1 Security Trustee upon at least once copy of this Deed having been executed and delivered by both Funding 1 and the Funding 1 Security Trustee notwithstanding that any other person expressed to be a party to this Deed has not then executed and delivered this Deed and notwithstanding any such party has executed or executes and has delivered or delivers a counterpart of this Deed.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

### Issuer

<b>EXECUTED as a DEED by</b>	)	
<b>FOSSE MASTER ISSUER PLC</b>	)	
by two directors, being	)	
SFM Directors Limited and	)	
SFM Directors (No.2) Limited	)	

### Funding 1

<b>EXECUTED as a DEED by</b>	)	
<b>FOSSE FUNDING (NO. 1) LIMITED</b>	)	
by two directors, being	)	
SFM Directors Limited and	)	
SFM Directors (No.2) Limited	)	

### Funding 1 Security Trustee and Issuer Security Trustee

<b>EXECUTED as a DEED by</b>	)	
<b>LAW DEBENTURE TRUST COMPANY OF</b>	)	
<b>NEW YORK</b>	)	
acting by its duly authorised attorney	)	

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )

Witness's signature:

Name:

Address:

**SCHEDULE 1**  
**FORM OF NOTICE OF CHARGE**

From: Fosse Funding (No.1) Limited (Funding 1)

To: [Relevant party name[s]]

Copy: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)

28 November 2006

Dear Sirs,

We hereby give you notice that by a deed of charge dated 28 November 2006 and made between Funding 1, the Funding 1 Security Trustee and others (**Funding 1 Deed of Charge**), Funding 1 charged to the Funding 1 Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the [insert relevant agreement name[s]] dated [insert date] (each as defined in the Master Definitions and Construction Schedule signed on the date thereof by, *inter alios*, Funding 1 and the [relevant party name[s]] and made, in each case, between, amongst others, Funding 1 and the [relevant party name[s]]).

You are authorised and instructed henceforth to deal with the Funding 1 Security Trustee in relation to our rights (but not our obligations) under the [insert relevant agreement name[s]] without further reference to us.

This notice is irrevocable. Please acknowledge receipt of this notice to the Funding 1 Security Trustee on the attached Consent to Charge.

Yours faithfully,

.....  
SFM Directors Limited, as Director  
for and on behalf of  
**FOSSE FUNDING (NO. 1) LIMITED**

**SCHEDULE 2**  
**FORM OF CONSENT TO CHARGE**

From: [Relevant Party Name[s]]

To: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)  
Fosse Funding (No. 1) Limited (**Funding 1**)

28 November 2006

Dear Sirs,

We hereby acknowledge receipt of the notice of charge dated 28 November 2006 relating to Funding 1 Deed of Charge (as defined therein) as adequate notice of the charge described therein.

We agree to deal only with the Funding 1 Security Trustee in relation to Funding 1's rights (but not its obligations) under the [relevant agreement name[s]] referred to, and as defined in, such notice without any reference to Funding 1.

We have not received from any other person any notice of charge of or any interest in the [relevant agreement name[s]].

Yours faithfully,

.....  
For and on behalf of  
[Relevant party name]

.....  
For and on behalf of  
[Relevant party name]

### SCHEDULE 3

#### FORM OF ACCESSION DEED

**THIS DEED** is made on *[date]*

#### **BETWEEN**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 767 Third Avenue – 31<sup>st</sup> Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a company incorporated in England and Wales with limited liability (registered number 3853947) and having its registered office is at Blackwell House, Guildhall Yard, London EC2V 5AE (acting in its capacity as **Corporate Services Provider**);
- (6) **FOSSE TRUSTEE LIMITED**, a private limited company incorporated under the laws of Jersey, Channel Islands (registered number 94410), whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (acting in its capacity as **Mortgagee Trustee**);
- (7) *[any other Funding 1 Secured Creditor.]*; and
- (8) *[name of the new Funding 1 Secured Creditor]* (the **New Funding 1 Secured Creditor**).

#### **NOW THIS DEED WITNESSES AS FOLLOWS**

#### **WHEREAS**

- (A) Pursuant to the terms of a *[describe agreement]* (the **Agreement**) dated *[date]* made between Funding 1 and the New Funding 1 Secured Creditor, Funding 1 has agreed to *[describe nature of the obligations of Funding 1 under the Agreement]*.
- (B) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in the Funding 1 Deed of Charge to secure Funding 1's obligations to the Funding 1 Secured Creditors.



- (C) The terms of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor thereunder.
- (D) The New Funding 1 Secured Creditor has agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge.
- (E) The Funding 1 Secured Creditors have agreed to enter into this Deed to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Funding 1 Priority of Payments set out in **Part 1, Part 2 and Part 3 of Schedule 4** of the Funding 1 Deed of Charge as are required and any other amendment as may be required to give effect to this Accession Deed.

## 1. INTERPRETATION

The master definitions and construction schedule signed by, amongst others, the parties to this Agreement and dated 28 November 2006 (as the same may be amended, varied or supplemented from time to time with the consent of the parties to the Funding 1 Deed of Charge) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, varied or supplemented with the consent of the parties to the Issuer Deed of Charge (the **Issuer Master Definitions and Construction Schedule**)) are expressly and specifically incorporated into this Accession Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule (as so amended, varied or supplemented from time to time) and the Issuer Master Definitions and Construction Schedule (as so amended, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Accession Deed, including the Recitals hereto and this Accession Deed shall be construed in accordance with the interpretation provisions set out in clause 2 of the Master Definitions and Construction Schedule.

## 2. REPRESENTATIONS AND WARRANTIES

The New Funding 1 Secured Creditor hereby represents and warrants to the Funding 1 Security Trustee and each of the Funding 1 Secured Creditors in respect of itself that as of the date of this Deed:

- (a) pursuant to the terms of the Agreement, Funding 1 has agreed to pay to the New Funding 1 Secured Creditor the amount (if any) [*describe in relation to the Agreement*]; and
- (b) the Agreement expressly provides that all amounts due from Funding 1 thereunder are to be secured by the Funding 1 Deed of Charge.

## 3. ACCESSION

- (a) In consideration of the New Funding 1 Secured Creditor being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date of this Deed, the New Funding 1 Secured Creditor:
  - (i) confirms that as from [*date*], it intends to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor;
  - (ii) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto;

- (iii) undertakes to perform comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.6; and
- (iv) agrees that the Funding 1 Security Trustee shall be the Funding 1 Security Trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge.

#### **4. SCOPE OF THE FUNDING 1 DEED OF CHARGE**

Funding 1, the New Funding 1 Secured Creditor and the Funding 1 Security Trustee hereby agree that for relevant purposes under the Funding 1 Deed of Charge and the Master Definitions and Construction Schedule:

- (a) the Agreement shall be treated as a Funding 1 Agreement; and
- (b) the New Funding 1 Secured Creditor shall be treated as a Funding 1 Secured Creditor.

#### **5. AMENDMENT TO THE FUNDING 1 PRIORITY OF PAYMENTS**

The Funding 1 Secured Creditors agree to amend and restate the Funding 1 Priority of Payments set out in Schedule 4 of the Funding 1 Deed of Charge in accordance with Appendix 1 hereto.

#### **6. APPLICATION**

Prior to and following enforcement of the Funding 1 Security all amounts at any time held by Funding 1, the Cash Manager or the Funding 1 Security Trustee in respect of the security created under this Deed shall be held and/or applied by such person subject to and in accordance with the relevant provisions of the Funding 1 Deed of Charge.

#### **7. NOTICES**

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 24 (Notices) of the Funding 1 Deed of Charge to the addresses given in this Clause 7 (Notices) or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing.

The address referred to in this Clause 7 (Notices) for the New Funding 1 Secured Creditor is:

[       ]

For the attention of: [       ]

Telephone: [       ]

Facsimile: [       ]

or such other address and/or numbers as the New Funding 1 Secured Creditor may notify to the parties to the Funding 1 Deed of Charge in accordance with the provisions thereof.

## 8. CHOICE OF LAW

This Deed is governed by and shall be construed in accordance with English law.

**DULY EXECUTED AND DELIVERED AS A DEED** by each of the parties hereto or on its behalf on the date appearing on page 1.

### Funding 1

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Issuer

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED as a DEED by** )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

Witness's signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Funding 1 Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
 )

Witness's signature:

Name:

Address:

*[insert signature block for New Funding 1 Secured Creditor]*

## **SCHEDULE 4**

### **FUNDING 1 PRIORITY OF PAYMENTS**

#### **PART 1**

#### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

##### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and

- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);

- (q) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (s) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Start-up Loan Provider under the Start-up Loan Agreement;
- (t) towards payment to Funding 1 of an amount equal to 0.01 per cent. of the Funding 1 Available Revenue Receipts; and
- (u) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.



## PART 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITIES OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (h) inclusive of this priority of payments); and
- (j) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

- (A) If on a Funding 1 Interest Payment Date:
  - (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
  - (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
  - (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof; and/or
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;
  - (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
  - (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the

Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;

- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount and the Class C Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and
    - (B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Term Advances}}{\text{Aggregate Outstanding Principal Amount of all Term Advances}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Mortgages Trust Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (j) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;

- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts outstanding) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;

- (f) without priority among them, but in proportion to the amounts outstanding, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts outstanding, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche.



## PART 3

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Acceleration Priority of Payments;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;

- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (k) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (l) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Start-up Loan Provider under the Start-up Loan Agreements.

## SCHEDULE 5

### FORM OF FUNDING 1 SECURITY POWER OF ATTORNEY

**THIS POWER OF ATTORNEY** is made on 28 November 2006 by **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696) whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Principal**).

#### WHEREAS:

- (1) By virtue of a deed of charge (the **Funding 1 Deed of Charge**) dated 28 November 2006 between, *inter alios*, the Principal, the Issuer, the Funding 1 Security Trustee, the Issuer Security Trustee, the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider, the Funding 1 Start-Up Loan Provider, the Corporate Services Provider and the Mortgages Trustee, (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney.
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Funding 1 Deed of Charge.

#### NOW THIS POWER OF ATTORNEY WITNESSETH:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Funding 1 Deed of Charge appoints Law Debenture Trust Company of New York and any other person or persons for the time being the security trustee or security trustees of and under the Funding 1 Deed of Charge (the **Attorney**) and any receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case bona fide necessary for the protection or preservation of the Attorney's interests and rights in and to the Funding 1 Charged Property or which ought to be done under the covenants, undertakings and provisions contained in the Funding 1 Deed of Charge on or at any time after the service of an Intercompany Loan Acceleration Notice or in any other circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9.4 (Power of sale) to 9.10 (Scottish Trust Property) (inclusive) of the Funding 1 Deed of Charge including (without limitation) any or all of the following:
  - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Funding 1 Security and/or the Funding 1 Charged Property or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done; and
  - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Funding 1 Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefor.

2. In favour of the Attorney, any Receiver and/or Administrator and/or Substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a Substitute in the purported exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns.
3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or Substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.
4. The provisions of Clause 3 shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney.
5. The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or Substitute carried out or purported to be carried out under the terms hereof.
6. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or Substitute shall properly and lawfully do or cause to be done in and concerning the Funding 1 Security Trustee's, the Funding 1 Security and/or the Funding 1 Charged Property.

**IN WITNESS WHEREOF** this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written.

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
 by two directors, being )  
 SFM Directors Limited and )  
 SFM Directors (No.2) Limited )

**SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 1 AUGUST 2007**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**ALLIANCE & LEICESTER PLC**  
**(as Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1**  
**Start-Up Loan Provider)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Funding 1 Corporate Services Provider)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** (this **Deed**) is made on 1 August 2007

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4<sup>th</sup> Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions, include such companies and all other persons or companies for the time being acting as security trustee under the Funding 1 Deed of Charge and as security trustee under and the Issuer Deed of Charge respectively);
- (4) **ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as **Funding 1 Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between the parties hereto and dated 28 November 2006 (herein after referred to as the **Original Funding 1 Deed of Charge**).
- (B) The parties to this Deed have agreed to enter into this Deed to, among other things, permit the agreed changes to Schedule 4 of the Original Funding 1 Deed of Charge.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

**1.1 Construction**

- (a) The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, varied or supplemented from time to time with the consent of the parties to this Deed, including without limitation on the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, varied or supplemented from time to time with the consent of the parties to this Deed, including without limitation on the date hereof) (the **Issuer Master Definitions and Construction**

**Schedule)** are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule (as so amended, varied or supplemented) and the Issuer Master Definitions and Construction Schedule (as so amended, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.

- (b) This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.

## **2. AMENDMENTS TO THE ORIGINAL FUNDING 1 DEED OF CHARGE**

The parties agree that the Original Funding 1 Deed of Charge is hereby amended as follows:

- (a) by deleting the text that appears in Schedule 4 of the Original Funding 1 Deed of Charge in its entirety and replacing it with the text that appears in Schedule 1 hereof; and
- (b) by inserting the text that appears in Schedule 2 hereof as Clauses 19.10 and 19.11 of the Original Funding 1 Deed of Charge.

## **3. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Original Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Original Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Original Funding 1 Deed of Charge to "this Deed" shall be read as references to the Original Funding 1 Deed of Charge as amended by this Deed.

## **4. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile).

## **5. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **6. LAW AND JURISDICTION**

### **6.1 Governing Law**

This Deed and all matters arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

### **6.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the



grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **6.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

## **SCHEDULE 1**

### **AMENDMENT TO SCHEDULE 4 OF FUNDING 1 DEED OF CHARGE**

## **SCHEDULE 4**

### **FUNDING 1 PRIORITY OF PAYMENTS**

#### **PART 1**

### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

#### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

**2. Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;

- (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;

- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);
- (q) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (s) towards payment to Funding 1 of an amount equal to the sum of (1) an amount equal to 0.01 per cent. of the Funding 1 Available Revenue Receipts for such Funding 1 Interest Payment Date and (2) an amount equal to the aggregate of 0.01 per cent of the Funding 1 Available Revenue Receipts in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (s) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;
- (t) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements;
- (u) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## PART 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITIES OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (h) inclusive of this priority of payments); and
- (j) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

(A) If on a Funding 1 Interest Payment Date:

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
- (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
- (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof; and/or
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (i) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;
  - (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
  - (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the



Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;

- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount and the Class C Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and
    - (B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. **Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date**

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g) and (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Term Advance}}{\text{Aggregate Outstanding Principal Amount of all Term Advances}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Mortgages Trust Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (j) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;

- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts outstanding) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;

- (f) without priority among them, but in proportion to the amounts outstanding, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts outstanding, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid; and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche.

## PART 3

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Acceleration Priority of Payments;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;

- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (k) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (l) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Start-up Loan Provider under the Start-up Loan Agreements.

## **SCHEDULE 2**

### **ADDITIONAL CLAUSES**

#### **19.10 Funding 1 assets**

Funding 1 represents to the Funding 1 Security Trustee that its assets constitute "financial assets" as defined in the Taxation of Securitisation Companies Regulations 2006.

#### **19.11 Retained amounts**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) in respect of each accounting period of Funding 1, the only amounts retained by Funding 1 have been and will be either (i) amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness or (ii) its profit; and
- (b) to the extent that amounts are received by Funding 1 pursuant to any Funding 1 Transaction Document, Funding 1 has a corresponding obligation to pay out an equal amount by way of cost or expense owing to a third party less an amount equal to the Funding 1's profit.



## SIGNATORIES

### Funding 1

**EXECUTED** as a **DEED** by  
**FOSSE FUNDING (NO. 1) LIMITED**  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

)  
)  
)  
)  
)


### Issuer

**EXECUTED** as a **DEED** by  
**FOSSE MASTER ISSUER PLC**  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

)  
)  
)  
)  
)


### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED** as a **DEED** by  
**LAW DEBENTURE TRUST COMPANY OF**  
**NEW YORK**  
acting by its duly authorised attorney

)  
)  
)  
)



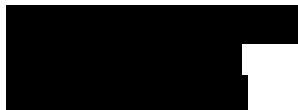
in the presence of

Witness's signature:

Name:



Address:



**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

[REDACTED]

Witness's signature:

Name: [REDACTED]

Address: [REDACTED]

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )  
 )

[REDACTED]

[REDACTED]

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
 )

[REDACTED]

Witness's signature:

Name: [REDACTED]

Address: [REDACTED]

# **SECOND SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 11 MARCH 2010**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**ALLIANCE & LEICESTER PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider)**

**and**

**SANTANDER UK PLC**  
**(as Funding 1 Account Bank)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS SECOND SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 11 March 2010

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Swap Provider** and a **Funding 1 Start-Up Loan Provider**);
- (5) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Account Bank**);
- (6) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (7) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended by the Supplemental Funding 1 Deed of Charge dated 1 August 2007) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) On 23 November 2009, Santander UK PLC replaced Alliance & Leicester plc as the Funding 1 Account Bank and acceded to the Existing Funding 1 Deed of Charge in such capacity.
- (D) It is intended that, pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business will be transferred to Santander UK. If the Part VII Scheme is approved and provides for the transfer of the Existing Funding 1 Deed of Charge (as supplemented and amended by this Deed), all accrued rights

and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge (as supplemented and amended by this Deed) and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge (as supplemented and amended by this Deed) will be transferred to, and vest in or become liabilities of (as applicable), Santander UK on the date that the Part VII Scheme becomes effective or any later date on which this Deed is transferred in accordance with the Part VII Scheme (the **Transfer Date**).

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

- 1.1** The master definitions and construction schedule signed by, amongst others, Alliance & Leicester plc and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, novated, varied or, supplemented and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2** This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- 1.3** Subject to the satisfaction of the Trustee Conditions Precedent, on and from the Transfer Date (if applicable), the Existing Funding 1 Deed of Charge (as supplemented and amended by this Deed) shall be construed as if Santander UK had always been a party to it instead of Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider. Accordingly, on and from the Transfer Date (if applicable), subject to the satisfaction of the Trustee Conditions Precedent, all rights, liabilities, obligations, powers, trusts, authorities, duties and discretions exercised or performed (or exercisable or performable) by Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider under the Existing Funding 1 Deed of Charge (as supplemented and amended by this Deed) prior to the Transfer Date will be deemed to have been exercised or performed (or to have been exercisable or performable) by Santander UK. However, the foregoing shall not apply to the extent inconsistent with the Part VII Scheme or to create or diminish any rights, liabilities, obligations, powers, trusts, authorities, duties or discretions or to create or diminish any other assets and liabilities (as to be defined in the Part VII Scheme) otherwise than as provided for in the Part VII Scheme.

## **2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

With effect from the date hereof the Existing Funding 1 Deed of Charge is modified in such manner as would result in the Existing Funding 1 Deed of Charge as so modified being in the form set out in the Appendix 1 to this Deed.

## **3. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations

and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

#### **4. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

#### **5. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

#### **6. LAW AND JURISDICTION**

##### **6.1 Governing Law**

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

##### **6.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

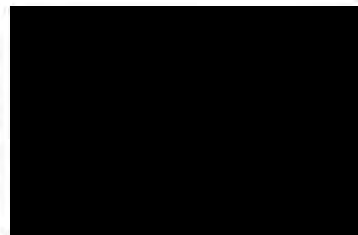
### 6.3 Waiver of trial by jury

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

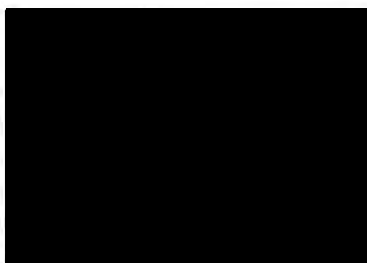
#### Funding 1

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )



#### Issuer

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )



#### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:



### 6.3 Waiver of trial by jury

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

#### Funding 1

EXECUTED as a DEED by )  
FOSSE FUNDING (NO. 1) LIMITED )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

#### Issuer

EXECUTED as a DEED by )  
FOSSE MASTER ISSUER PLC )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

#### Funding 1 Security Trustee and Issuer Security Trustee

EXECUTED as a DEED by )  
LAW DEBENTURE TRUST COMPANY OF )  
NEW YORK )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by  
**ALLIANCE & LEICESTER PLC**  
acting by its duly authorised attorney

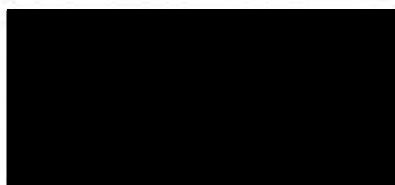
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in the presence of

Witness's signature:

Name:



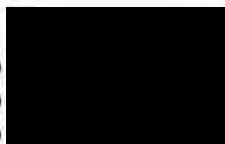
Address:



**Funding 1 Account Bank**

**EXECUTED** as a **DEED** by  
**SANTANDER UK PLC**  
acting by its attorney in the presence of:

)  
)  
)



Witness's Signature:

Name:

Address



**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by  
**STRUCTURED FINANCE MANAGEMENT**  
**LIMITED**  
by two directors

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)  
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)  
)

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of  
**FOSSE TRUSTEE LIMITED**, a company  
incorporated in Jersey, Channel Islands, by

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)  
)  
)  
)  
)  
)

being a person who, in accordance with the laws  
of that territory is acting under the authority of  
the company, in the presence of

**Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:

**Funding 1 Account Bank**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its attorney in the presence of: )

Witness's Signature:

Name:

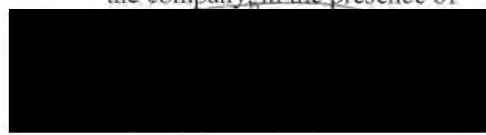
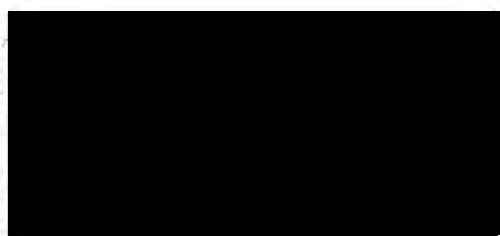
Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )



Witness's signature:

Name:

Address:

**APPENDIX 1**  
**FUNDING 1 DEED OF CHARGE**

**FUNDING 1 DEED OF CHARGE AS SUPPLEMENTED AND  
AMENDED ON 1 AUGUST 2007 AND 11 MARCH 2010**

**DATED 28 NOVEMBER 2006**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**and**

**ALLIANCE & LEICESTER PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

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**THIS FUNDING 1 DEED OF CHARGE** (this **Deed**) is dated 28 November 2006

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 767 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) Pursuant to the terms of the Intercompany Loan Agreement of even date herewith, the Issuer has agreed to make available from time to time Loan Tranches to Funding 1.
- (B) The Cash Manager has agreed to provide certain cash management services to Funding 1 on the terms set out in the Cash Management Agreement.
- (C) The Account Bank has agreed to provide certain banking services to Funding 1 on the terms set out in the Funding 1 Bank Account Agreement and the Funding 1 Guaranteed Investment Contract.
- (D) The Funding 1 Swap Provider has agreed to provide the Funding 1 Swap to Funding 1 on the terms set out in the Funding 1 Swap Agreement.
- (E) The Corporate Services Provider has agreed to provide certain corporate services to Funding 1 on the terms set out in the Funding 1 Corporate Services Agreement.
- (F) The Funding 1 Start-Up Loan Provider has agreed to make available the Start-Up Loans from time to time to Funding 1 on the terms set out in the Funding 1 Start-Up Loan Agreements.
- (G) Funding 1 has agreed to provide security in respect of Funding 1's obligations under the Funding 1 Agreements to which it is a party, subject to and in accordance with the terms thereof and hereof.

- (H) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in this Deed to secure Funding 1's obligations under the Funding 1 Agreements, upon and subject to the terms hereof. The Funding 1 Security Trustee shall hold such security on trust for the benefit of the Funding 1 Secured Creditors.
- (I) Pursuant to the terms of the Issuer Deed of Charge, the Issuer will grant security to the Issuer Security Trustee (as security trustee for the Issuer Secured Creditors) in and to all of its right, title, interest and benefit, present and future, under this Deed to secure the Issuer's obligations to the Issuer Secured Creditors upon and subject to the terms thereof.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Construction**

- (a) The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including without limitation on 1 August 2007, 20 December 2007, 23 November 2009 and the date hereof) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- (b) This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- (c) If there is any conflict between the provisions of the Master Definitions and Construction Schedule, the Issuer Master Definitions and Construction Schedule and the provisions of this Deed, the provisions of this Deed will prevail.
- (d) The term **this Deed** means this Deed and any deed executed in accordance with, or expressed to be supplemental to, this Deed.
- (e) Any covenant of Funding 1 under this Deed (other than a payment obligation) shall remain in force during Funding 1 Security Period.
- (f) The terms of the other Transactions Documents are incorporated in this Deed to the extent required to give effect thereto and/or to ensure that any purported disposition contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (g) Unless the context otherwise requires, a reference to a Funding 1 Charged Property includes the proceeds of sale of that Funding 1 Charged Property.



- (h) The term **full title guarantee** will be construed in accordance with the LP (MP) Act but so that the covenants implied by the LP (MP) Act in respect of Funding 1 Security do not include:
  - (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) of the LP (MP) Act; and
  - (ii) section 6(2) of the LP (MP) Act.

## **2. SECURITY TRUST**

### **2.1 Declaration of Trust**

The Funding 1 Security Trustee holds all of the covenants, undertakings, Security Interests and other rights and benefits made or given under this Deed and the other Funding 1 Agreements on trust for itself and the other Funding 1 Secured Creditors upon and subject to the terms and conditions of this Deed.

## **3. CREATION OF FUNDING 1 SECURITY**

### **3.1 General**

- (a) All Funding 1 Security:
  - (i) is created in favour of the Funding 1 Security Trustee for itself and as trustee on behalf of the other Funding 1 Secured Creditors;
  - (ii) is created over the present and future assets of Funding 1;
  - (iii) is security for the payment or discharge of Funding 1 Secured Obligations; and
  - (iv) is made with full title guarantee (or, in relation to any rights or assets situated in Northern Ireland or otherwise governed by Northern Irish law, as beneficial owner, or, in relation to any rights or assets situated in Scotland or otherwise governed by Scots law, with absolute warrandice).
- (b) The term **all of its rights** as used in this Clause includes, unless the context requires otherwise:
  - (i) the benefit of all covenants, undertakings, representations, warranties and indemnities;
  - (ii) all powers and remedies of enforcement and/or protection;
  - (iii) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and
  - (iv) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the relevant Funding 1 Charged Property.

### **3.2 Trust Property**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights, title, interest and benefit in the Trust Property (including, without limitation, all Scottish Trust Property, present and future, comprised in the Trust Property).

### **3.3 Contracts**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of Funding 1 Agreements.

### **3.4 Funding 1 Accounts**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) any amount standing from time to time to the credit of Funding 1 Bank Accounts;
- (b) all interest paid or payable in relation to those amounts; and
- (c) all debts represented by those amounts.

### **3.5 Authorised Investments**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the Authorised Investments made or purchased from time to time by or on behalf of Funding 1 (whether owned by it or held by any nominee on its behalf) using moneys standing to the credit of Funding 1 Accounts; and
- (b) all interest, moneys and proceeds paid or payable in relation to those Authorised Investments.

### **3.6 Miscellaneous**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Funding 1 Charged Property; and
- (b) any compensation which may be payable to it in respect of those authorisations.

### **3.7 Floating charge**

- (a) Funding 1 charges by way of a first floating charge all of its undertaking and all of its property and assets (including, without limitation, its uncalled capital) other than any property or assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under this Clause 3 (but excepting from the foregoing exclusion all of Funding 1's undertaking, property and assets situated in Scotland or the rights to which are governed by Scots law, all of which are charged by the floating charge hereby created).
- (b) Except as provided below, the Funding 1 Security Trustee may, by notice to Funding 1 (and so far as permitted by applicable law), convert the floating charge created under this Clause 3 into a fixed charge as regards any of Funding 1's assets subject to the floating charge specified in that notice, if:

- (i) an Intercompany Loan Event of Default is outstanding;
  - (ii) the Funding 1 Security Trustee considers those assets or any part thereof to be in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process or to be otherwise in jeopardy; and/or
  - (iii) a circumstance occurs which the Funding 1 Security Trustee considers to (or to be likely to) prejudice, imperil or threaten Funding 1 Security.
- (c) Except as provided below, the floating charge created by this Clause 3 will automatically (so far as permitted by applicable law) convert into a fixed charge as regards:
- (i) all of Funding 1's assets subject to the floating charge, upon the service of an Intercompany Loan Acceleration Notice; and/or
  - (ii) any assets of Funding 1 subject to the floating charge, if those assets (contrary to the covenants and undertakings contained in Funding 1 Agreements):
    - (A) are or become subject to a Security Interest in favour of any person other than the Funding 1 Security Trustee; or
    - (B) are or become the subject of a sale, transfer or other disposition, immediately prior to that Security Interest arising or that sale, transfer or other disposition being made.
- (d) The floating charge created by this Clause 3 may not be converted into a fixed charge solely by reason of:
- (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium,
- under Section 1 of the Insolvency Act 1986.
- (e) The floating charge created by this Clause 3 is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

## 4. ACKNOWLEDGEMENTS AND UNDERTAKINGS

### 4.1 Funding 1 Security

- (a) This Deed constitutes notice in writing to each Funding 1 Secured Creditor of the assignment or assignation of all of Funding 1's rights to the Funding 1 Agreements under Clause 3.3 (Contracts).
- (b) By executing this Deed, each Funding 1 Secured Creditor acknowledges and consents to the assignment or assignation referred to in this Clause 4.1 (Funding 1 Security) and the other Security Interests made or granted under this Deed and confirms that as of the date of this Deed it has not received from any other person notice of any assignment, assignation or charge of any Funding 1 Charged Property.
- (c) Immediately upon the execution of this Deed, Funding 1 will deliver a notice of assignment substantially in the form set out in Schedule 1 (Form of Notice of Charge) hereto to each of the addressees named in the notice and will use all reasonable endeavours

to procure that delivery to the Funding 1 Security Trustee on the date of this Deed of receipts from the addressees of that notice substantially in the form attached to the notice.

- (d) Each Funding 1 Secured Creditor acknowledges the Funding 1 Security, and covenants to the Funding 1 Security Trustee not to do anything inconsistent with the Funding 1 Security or knowingly to prejudice that security or any of the Funding 1 Charged Property (or the Funding 1 Security Trustee's interest in those assets) provided that, subject to Clause 5 (Restrictions on Exercise of Certain Rights) hereto, this Deed does not limit the rights of any of Funding 1 Secured Creditors under the Funding 1 Agreements.
- (e) Without prejudice to the generality of Clause 4.1(a), Funding 1 hereby intimates and gives notice to the Mortgages Trustee as trustee under and in terms of the Mortgages Trust Deed of the assignment in security made in terms of Clause 3.2 (Trust Property) and the Mortgages Trustee by its execution of this Deed as such trustee immediately subsequent to the execution hereof by Funding 1 confirms that as at the date hereof it has received no intimation of any other dealing with the Funding 1 Share or any other rights, title, interest or benefit in the Trust Property except in accordance with the Funding 1 Agreements.

#### **4.2 Registration of Funding 1 Security**

Within 21 calendar days of the date of creating the Funding 1 Security Funding 1 undertakes to file (or to procure that a filing is made) with the Registrar of Companies pursuant to the provisions of Chapter I of Part XII of the Companies Act 1985 a duly completed Form 395 in respect of itself together with the required registration fee and an executed copy of this Deed.

#### **4.3 Funding 1 Agreements**

Each Funding 1 Secured Creditor acknowledges that it is bound by, and deemed to have notice of, all of the provisions of the Funding 1 Agreements as if it was a party to each Funding 1 Agreement.

#### **4.4 Payments to Funding 1**

Notwithstanding the Funding 1 Security but subject as provided otherwise in this Deed, each of the parties acknowledges that each Funding 1 Secured Creditor and each other party to any Funding 1 Agreement may continue to make all payments becoming due to Funding 1 under any Funding 1 Agreement in the manner envisaged by that document until receipt of written notice from the Funding 1 Security Trustee or any Receiver requiring payments to be made otherwise.

#### **4.5 Exercise of rights under Funding 1 Agreements**

- (a) Subject to Clause 8 and Clause 12, without prejudice to the rights of the Funding 1 Security Trustee after the security created under this Deed has become enforceable, the Funding 1 hereby authorises the Funding 1 Security Trustee, prior to the security created by this Deed becoming enforceable, to exercise or direct the exercise, or refrain from exercising or directing the exercise of, all rights, powers, authorities, discretions and remedies of the Funding 1 under or in respect of the Funding 1 Agreements referred to in Clause 3.3 (Contracts).
- (b) For the avoidance of doubt, the Funding 1 Security Trustee shall not be required to have regard to the interests of Funding 1 in the exercise or non-exercise or the direction or non-direction of the exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Funding 1 in relation thereto.
- (c) Funding 1 shall not, without the prior written consent of the Funding 1 Security Trustee:

- (i) permit any of the Funding 1 Agreements to which it is a party to become invalid or ineffective or the priority of the Security Interests created or evidenced thereby or pursuant thereto to be varied;
- (ii) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Funding 1 Agreements; or
- (iii) permit any party to any of the Funding 1 Agreements or any other person whose obligations form part of the Funding 1 Charged Property to be released from its obligations.

#### **4.6 New Funding 1 Secured Creditors**

- (a) In order to become a New Funding 1 Secured Creditor a creditor of Funding 1 must enter into an Accession Deed in or substantially in the form set out in Schedule 3 (Form of the Accession Deed).
- (b) Each New Funding 1 Secured Creditor will be bound by the provisions of this Deed as if it contained covenants by each New Funding 1 Secured Creditor in favour of the Funding 1 Security Trustee and every other Funding 1 Secured Creditor to observe and be bound by all provisions of this Deed to apply to the Funding 1 Secured Creditors.

### **5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS**

#### **5.1 Payments to Funding 1 Accounts**

At all times prior to the release, re-assignment, retrocession and/or discharge under Clause 18 (Release) of the Funding 1 Security, Funding 1 will, save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing, procure that all amounts received by Funding 1 under or in respect of the Funding 1 Agreements will be credited to the Funding 1 Accounts in accordance with Clause 6.2 (Funding 1 Bank Accounts) and the other applicable terms of the Funding 1 Agreements.

#### **5.2 No withdrawals from Funding 1 Accounts**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts other than as expressly permitted under this Deed or the Cash Management Agreement or with the prior written consent of the Funding 1 Security Trustee.

#### **5.3 No enforcement by Funding 1 Secured Creditors**

- (a) Except as provided below, each of Funding 1 Secured Creditors (other than, in the case of paragraph (iii) below, the Funding 1 Security Trustee) agrees with Funding 1 and the Funding 1 Security Trustee that:
  - (i) only the Funding 1 Security Trustee may enforce the Funding 1 Security in accordance with the terms and conditions of this Deed;
  - (ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1; and
  - (iii) it will not take any other steps or action against Funding 1 or the Funding 1 Charged Property for the purpose of recovering any of the Funding 1 Secured Obligations

(including by exercising any rights of set-off) or enforcing any rights arising out of the Funding 1 Agreements against Funding 1.

- (b) If the Funding 1 Security Trustee has failed to enforce the Funding 1 Security within 30 days of becoming bound under the terms of this Deed so to do and that failure is continuing, then the Issuer Security Trustee or (if there is no outstanding Loan Tranche under the Intercompany Loan Agreement) each of the other Funding 1 Secured Creditors will be entitled to take any steps and proceedings against Funding 1 for the purpose of recovering any of the Funding 1 Secured Obligations or enforcing any rights arising out of the Funding 1 Agreements as it considers necessary other than any steps or proceedings:
  - (i) in respect of procuring the winding up, administration or liquidation of Funding 1; and/or
  - (ii) which would result in the breach by it of Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) and/or Clause 7 (Payments out of Funding 1 Accounts Upon Acceleration) herein and/or any term of the other Funding 1 Agreements.

#### **5.4 Limited recourse**

- (a) Each Funding 1 Secured Creditor hereby agrees that, notwithstanding any other provision of any Funding 1 Agreement, all obligations of Funding 1 to each Funding 1 Secured Creditor in respect of the Funding 1 Secured Obligations owing to each Funding 1 Secured Creditor are limited in recourse as set out below:
  - (i) in the event of non-payment of any sum due and payable to a Funding 1 Secured Creditor, its only remedy shall be enforcement of the Funding 1 Security in accordance with the provisions of this Deed and the other Funding 1 Agreements; and
  - (ii) in the event that the net proceeds of enforcing and (as fully as practicable and over whatever time period the Funding 1 Security Trustee considers reasonably necessary) realising all Funding 1 Security are (after application of the proceeds in accordance with the provisions of this Deed) insufficient to discharge in full the amount of any Funding 1 Secured Obligation owed to a Funding 1 Secured Creditor, Funding 1's obligation in respect of the unpaid amount shall be automatically extinguished and such Funding 1 Secured Creditor shall have no further claim against Funding 1 in respect of such unpaid amount.
- (b) The provisions of this Clause 5.4 (Limited recourse) shall survive the termination of this Deed.

#### **5.5 Amounts received by Funding 1 Secured Creditors**

Each Funding 1 Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any Funding 1 Secured Obligation owed to it other than in accordance with the provisions of this Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this Deed shall be received and held by it as trustee for the Funding 1 Security Trustee and shall be paid over to the Funding 1 Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of this Deed.

## **6. PAYMENTS OUT OF FUNDING 1 ACCOUNTS PRIOR TO ACCELERATION**

### **6.1 Application**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts:

- (a) at any time upon and after enforcement of the Funding 1 Security without the prior written consent of the Funding 1 Security Trustee; and/or
- (b) under this Clause 6.1 (Application) at any time upon and after an Intercompany Loan Acceleration Notice has been served.

### **6.2 Funding 1 Bank Accounts**

Funding 1 shall at all times during the Funding 1 Security Period:

- (a) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Principal Receipts to Funding 1 under the Mortgages Trust is paid into the Funding 1 GIC Account;
- (b) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Loan Tranche which are to be applied in or towards repayment of another Loan Tranche are, pending such repayment, deposited in the Funding 1 GIC Account; and
- (c) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any Refinancing Distributions to Funding 1 under the Mortgages Trust Deed which are to be applied in or towards repayment of a Loan Tranche (a **Relevant Refinancing Distribution**) shall be paid into the Funding 1 GIC Account.

### **6.3 Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to be applied to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC

Account to the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions to be applied to meet Funding 1's payment obligations in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.4 Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.5 Authorised Investments**

- (a) Notwithstanding Funding 1 Security but subject to Clause 6.1 (Application), the Cash Manager, on behalf of Funding 1, may withdraw amounts standing to the credit of Funding 1 Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Agreement and the Cash Management Agreement. All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 Transaction Account.
- (b) Notwithstanding the Funding 1 Security, the Cash Manager, on behalf of Funding 1, may sell or redeem or otherwise dispose of any Authorised Investments on any day prior to the enforcement of the Funding 1 Security subject to the terms and conditions of this Deed and the Cash Management Agreement.

#### **6.6 Enforcement When Not All Amounts Due and Payable**

If the Funding 1 Security Trustee enforces the Funding 1 Security at a time when either no amounts or not all amounts owing in respect of the Funding 1 Secured Obligations have become due and



payable, the Funding 1 Security Trustee (or a Receiver) may, for so long as no such amounts or not all such amounts have become due and payable, pay any monies referred to in Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein into, and retain such monies in, an interest-bearing account (a **retention account**) to be held by it as security and applied by it in accordance with Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein as and when any of the amounts referred to therein become due and payable.

## **7. PAYMENTS OUT OF FUNDING 1 ACCOUNTS UPON ACCELERATION**

### **7.1 Priorities of Payment – after service of an Intercompany Loan Acceleration Notice**

All monies received or recovered following service of an Intercompany Loan Acceleration Notice shall be applied by the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee (or a Receiver appointed on its behalf) (save to the extent required otherwise by law) in the order of priority set out in Part 3 of Schedule 4 (Funding 1 Priority of Payments).

### **7.2 Application of Monies Received after service of an Intercompany Loan Acceleration Notice**

Each Funding 1 Secured Creditor undertakes to pay to the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee or the Receiver, as the case may be, all monies received or recovered by it (including by way of set-off or otherwise) subsequent to the service of an Intercompany Loan Acceleration Notice in order that such amounts can be applied in accordance with Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice).

## **8. ENFORCEMENT BY THE FUNDING 1 SECURITY TRUSTEE**

### **8.1 Mandatory enforcement**

- (a) Subject to Clause 8.2 (Administrative receiver), the Funding 1 Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights, powers, discretions, authorities, duties and/or functions (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested or making any determination) and/or to take any other action under or in connection with any Funding 1 Agreement (including, without limitation, enforcing the Funding 1 Security) unless the Funding 1 Security Trustee:
  - (i) has been indemnified and/or secured to its satisfaction against all liabilities, cost, expenses, losses, claims and charges to which it may render itself liable or which it may incur by so doing and, for this purpose, the Funding 1 Security Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it; and
  - (ii) is directed to do so by:
    - (A) the Issuer Security Trustee; or
    - (B) if there is no outstanding Loan Tranche under the Intercompany Loan, the Funding 1 Secured Creditor that ranks highest in the order of priority of payment set out in Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice),

(in each case, the **Instructing Party**), in which case the Funding 1 Security Trustee will be bound to take such action in the manner instructed by the Instructing Party, provided that the Funding 1 Security Trustee may at all times, whether or not so instructed, take such action in respect of any right, power or discretion which is personal to the Funding 1 Security Trustee or is to preserve or protect the Funding 1 Security Trustee's position or is of a purely administrative nature.

- (b) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with any instructions received pursuant to paragraph (a) above. The Funding 1 Security Trustee shall be entitled to seek clarification from the relevant Instructing Party with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from such relevant Instructing Party and shall not be liable to any person for any loss occasioned thereby.
- (c) Upon being directed by the Issuer Security Trustee to enforce the Funding 1 Security in accordance with paragraph (a) above, the Funding 1 Security Trustee will notify Funding 1 and the Funding 1 Secured Creditors of such direction.

## **8.2 Administrative receiver**

- (a) Notwithstanding any term of this Deed, subject to paragraph (b) below, the Funding 1 Security Trustee must enforce the Funding 1 Security by appointing an administrative receiver in respect of Funding 1 if it has actual notice of:
  - (i) an application for the appointment of an administrator in respect of Funding 1; or
  - (ii) the giving of a notice of intention to appoint an administrator in respect of Funding 1,and that appointment shall take effect not later than the final day by which it must take effect in order to prevent an administration proceeding.
- (b) The Funding 1 Security Trustee is not liable for any failure to appoint or delay in appointing an administrative receiver in respect of Funding 1, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt:
  - (i) nothing in this Clause 8.2 (Administrative receiver) shall be construed so as to impose on the Funding 1 Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to this Clause 8.2 (Administrative receiver) except to the extent of (and from) the cash and assets comprising the Funding 1 Security held by the Funding 1 Security Trustee at such time;
  - (ii) the Funding 1 Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an administrative receiver on the terms as to indemnification referred to in paragraph (b)(i) above; and
  - (iii) subject to Clause 13.1(d), the Funding 1 Security Trustee shall be indemnified and/or secured in accordance with the provisions of this Deed.
- (c) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with paragraph (a) above.

- (d) Funding 1 hereby waives any claims against the Funding 1 Security Trustee in respect of any appointment made pursuant to this Clause 8.2 (Administrative receiver).

## **9. ENFORCEMENT OF FUNDING 1 SECURITY**

### **9.1 General**

- (a) For the purposes of all powers implied by statute, Funding 1 Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the 1925 Act (restricting the power of sale), Section 93 of the 1925 Act (restricting the right of consolidation) and Sections 20 and 17 of the 1881 Act do not apply to the Security Interests comprised in Funding 1 Security.

### **9.2 Intercompany Loan Acceleration Notice**

The Funding 1 Security will become immediately enforceable upon the service of an Intercompany Loan Acceleration Notice or, if there is no outstanding Loan Tranche under the Intercompany Loan, upon notice given to the Funding 1 Security Trustee by a Funding 1 Secured Creditor of failure by Funding 1 to pay any other Funding 1 Secured Obligation on its due date (subject to any applicable grace period).

### **9.3 Privileges**

The Funding 1 Security Trustee and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the 1925 Act and the 1881 Act on mortgagees and receivers duly appointed under the 1925 Act, except that Section 103 of the 1925 Act and Section 20 of the 1881 Act do not apply.

### **9.4 Power of sale**

The power of sale and other powers conferred by Section 101 of the 1925 Act, Section 19 of the 1881 Act and Section 4 of the 1911 Act as extended and varied by this Deed, will be immediately exercisable at any time after the Funding 1 Security has become enforceable.

### **9.5 Extension of the 1925 Act**

- (a) The statutory powers of leasing conferred on the Funding 1 Security Trustee are extended so as to authorise the Funding 1 Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Funding 1 Security Trustee may think fit and without the need to comply with any provision of Section 99 or 100 of the 1925 Act, Section 18 of the 1881 Act or Section 3 of the 1911 Act.
- (b) The statutory powers of sale and the other powers conferred on the Funding 1 Security Trustee by Section 101(1) and (2) of the 1925 Act, Section 19 of the 1881 Act and Section 4(1) of the 1911 Act are extended so as to authorise the Funding 1 Security Trustee (upon such terms as the Funding 1 Security Trustee may think fit and in accordance with the terms of this Deed) to:
  - (i) make demand in the name of the other Funding 1 Secured Creditors or in its own right for any moneys and liabilities in respect of the Funding 1 Charged Property; and

- (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 11 (Powers of Receiver) herein as if each of them was expressly conferred on the Funding 1 Security Trustee by this Deed.

## **9.6 Mortgagee in possession**

- (a) Neither the Funding 1 Security Trustee nor any Receiver will be liable, by reason of Funding 1 Security or entering into possession of any Funding 1 Charged Property, to account as mortgagee or security holder in possession or for any loss on realisation or for any default or omission for which a mortgagee or security holder in possession might be liable.
- (b) Each of the Funding 1 Security Trustee, the other Funding 1 Secured Creditors and any Receiver will not take any action (other than, in the case of the other Funding 1 Secured Creditors, with the Funding 1 Security Trustee's prior written consent) which would be likely to lead to the Funding 1 Security Trustee or the other Funding 1 Secured Creditors becoming a mortgagee or security holder in possession in respect of any Funding 1 Charged Property.

## **9.7 Protection of third parties**

No person (including a purchaser) dealing with the Funding 1 Security Trustee or any Receiver or its or his agents will be concerned to enquire:

- (a) whether the Funding 1 Secured Obligations remain outstanding or have become payable;
- (b) whether any power which the Funding 1 Security Trustee or that Receiver is purporting to exercise has become exercisable or is being properly exercised; or
- (c) how any money paid to the Funding 1 Security Trustee or to that Receiver is to be applied,

and the protections afforded to purchasers from a mortgagee by Sections 104 and 107 of the 1925 Act and Sections 21 and 22 of the 1881 Act and to persons dealing with an administrative receiver by Section 42(3) of the Insolvency Act 1986 will apply.

## **9.8 Contingencies**

If the Funding 1 Security is enforced at a time when no amount is due in respect of the Funding 1 Secured Obligations or any of Funding 1 Secured Obligations are contingent or future, the Funding 1 Security Trustee or any Receiver may pay the proceeds of any recoveries effected by it into any interest-bearing account to be held by it as security and applied in accordance with the terms and conditions of this Deed and the Cash Management Agreement.

## **9.9 Disposal of Funding 1 Charged Properties**

Notwithstanding the foregoing provisions of this Clause 9, if the Funding 1 Security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of any AAA Loan Tranche, the Funding 1 Security Trustee will not be entitled to dispose of all or part of the Funding 1 Charged Property unless either:

- (a) the Funding 1 Security Trustee shall have been advised by a financial adviser or such other professional adviser selected by it (whose advice or opinion shall be conclusive and binding) that a sufficient amount would be realised to allow a full and immediate discharge

of all amounts owing under all AAA Loan Tranches of the Issuer and all prior ranking amounts due by Funding 1 in accordance with the Funding 1 Priorities of Payments; and

- (b) the Funding 1 Security Trustee is of the sole opinion, which shall be binding on the Funding 1 Secured Creditors, reached after considering at any time and from time to time the advice of any financial or such other professional advisers selected by the Funding 1 Security Trustee in its absolute discretion (acting reasonably) for the purpose of giving such advice, that the cash flow prospectively receivable by Funding 1 will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of Funding 1, to discharge in full in due course all amounts owing in respect of each AAA Loan Tranche and all prior ranking amounts due by Funding 1.

The fees and expenses of the aforementioned financial adviser or such other professional adviser selected by the Funding 1 Security Trustee shall be paid by Funding 1.

#### **9.10 Scottish Trust Property**

Without prejudice to the provisions of this Clause 9 (Enforcement of Funding 1 Security) and Clause 19 (Directions from Beneficiaries) of the Mortgages Trust Deed, Funding 1 and the Mortgages Trustee hereby undertake to the Funding 1 Security Trustee that if at any time after the Funding 1 Security shall have become enforceable and the Funding 1 Security Trustee or any Receiver shall so require, they will join together in directing the Seller to sell or dispose of all or any part of the Scottish Trust Property on terms previously approved by the Funding 1 Security Trustee and/or in causing the trusts constituted by any Scottish Declaration of Trust to be wound up or performed and they will take all such actions and execute all such documents as may be necessary to effect such sale or disposal or winding-up or performance and the distribution or transfer of the Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust, the Mortgages Trust Deed and this Deed. The Seller and the Mortgages Trustee hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust.

### **10. RECEIVER**

#### **10.1 Appointment of Receiver**

- (a) Except as provided below, the Funding 1 Security Trustee may appoint any one or more persons to be a Receiver of all or any part of Funding 1 Charged Property if the Funding 1 Security has become enforceable.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the 1925 Act and sections 24(6) and (8) of the 1881 Act) does not apply to this Deed.
- (d) The Funding 1 Security Trustee is not entitled to appoint a Receiver solely as a result of:
  - (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium,

under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 2002 (if appropriate).

## **10.2 Removal**

The Funding 1 Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated. The Funding 1 Security Trustee may apply to the court for an order removing an administrative receiver.

## **10.3 Remuneration**

The Funding 1 Security Trustee may fix the remuneration of any Receiver appointed by it and the maximum rate specified in Section 109(6) of the 1925 Act and Section 24 of the 1881 Act will not apply. Funding 1 will pay the remuneration of any Receiver in accordance with the terms and in the manner agreed from time to time between the relevant Receiver and the Funding 1 Security Trustee, subject to the terms and conditions of this Deed.

## **10.4 Agent of Funding 1**

- (a) A Receiver will be deemed to be the agent of Funding 1 for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the 1925 Act, the 1881 Act or the 1911 Act. Funding 1 alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) If a liquidator of Funding 1 is appointed, the Receiver will act as principal and not as agent of the Funding 1 Security Trustee.
- (c) The Funding 1 Security Trustee will not incur any liability (either to Funding 1 or to any other person) by reason of the appointment of a Receiver.

## **10.5 Relationship with Funding 1 Security Trustee**

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after Funding 1 Security becomes enforceable be exercised by the Funding 1 Security Trustee in relation to any Funding 1 Charged Property without first appointing a Receiver and notwithstanding the appointment of a Receiver.

# **11. POWERS OF RECEIVER**

## **11.1 General**

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause 11 (Powers of Receiver) in addition to those conferred on it by any law; this includes:
  - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate); and
  - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the 1925 Act or the 1881 Act and the 1911 Act (if

appropriate) and the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate).

- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

## **11.2 Possession**

A Receiver may take immediate possession of, get in and collect any Funding 1 Charged Property.

## **11.3 Carry on business**

A Receiver may carry on any business of Funding 1 in any manner he thinks fit.

## **11.4 Employees**

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by Funding 1.

## **11.5 Borrow money**

A Receiver may raise and borrow money either unsecured or on the security of any Funding 1 Charged Property either in priority to the Funding 1 Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

## **11.6 Sale of assets**

- (a) A Receiver may sell, exchange, convert into money and realise any Funding 1 Charged Property by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Funding 1.

## **11.7 Leases**

A Receiver may let any Funding 1 Charged Property for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Funding 1 Charged Property on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

## **11.8 Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Funding 1 or relating in any way to any Funding 1 Charged Property, provided that, any such claim has priority to or ranks *pari passu* with this Deed.

### **11.9 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Funding 1 Charged Property which he thinks fit.

### **11.10 Receipts**

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Funding 1 Charged Property.

### **11.11 Subsidiaries**

A Receiver may form a Subsidiary of Funding 1 and transfer to that Subsidiary any Funding 1 Charged Property.

### **11.12 Delegation**

A Receiver may delegate his powers in accordance with this Deed.

### **11.13 Lending**

A Receiver may lend money or advance credit to any customer of Funding 1.

### **11.14 Protection of assets**

A Receiver may:

- (a) effect any repair or insurance and do any other act which Funding 1 might do in the ordinary conduct of its business to protect or improve any Funding 1 Charged Property;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

### **11.15 Uncalled capital**

A Receiver may call up or require the directors of Funding 1 to call up any uncalled capital of Funding 1.

### **11.16 Payment of expenses**

A Receiver may pay and discharge, out of the profits and income of Funding 1 Charged Property and any moneys made by it in carrying on the business of Funding 1, the expenses incurred by it in connection with the carrying on and management of that business or in the exercise of any of the powers conferred by this Clause 11 (Powers of Receiver) or otherwise in respect of any Funding 1 Charged Property and all other expenses which it shall think fit to pay and will apply the residue of those profits and income in accordance with the terms and conditions of this Deed.



## **11.17 Other powers**

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Funding 1 Charged Property or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Funding 1 Charged Property all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Funding 1 Charged Property; and
- (c) use the name of Funding 1 for any of the above purposes.

## **12. MODIFICATION, AUTHORISATION, WAIVER AND CONSENT**

### **12.1 Modification**

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee may, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required), concur with Funding 1 or any other person in making or giving its consent to any modification to any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise with the prior consent of all of the Funding 1 Secured Creditors.
- (b) Subject to paragraph (c) below, the Funding 1 Security Trustee shall, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required) be required to concur with Funding 1 or any other person in making or giving its consent to any modification (other than a Basic Terms Modification which shall require the approval of Noteholders by way of Extraordinary Resolution) to any Funding 1 Agreement or the Master Definitions and Construction Schedule that are requested by Funding 1 or the Cash Manager, provided that Funding 1 or the Cash Manager, as the case may be, has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to accommodate:
  - (i) Notes to be issued and/or Loan Tranches to be made available by the Issuer to Funding 1 under the Intercompany Loan Agreement;
  - (ii) the entry into by Funding 1 or any Further Funding Company of any New Intercompany Loan Agreement or the issue of New Notes by the Issuer or any New Funding 1 Issuer;
  - (iii) the addition of other relevant Funding 1 Secured Creditors and/or Issuer Secured Creditors and/or New Issuers and/or Further Funding Companies to the Transaction Documents;
  - (iv) the assignment of New Loan Types or their Related Security to the Mortgages Trustee;
  - (v) the inclusion of a New Beneficiary as a beneficiary of the Mortgages Trust;

- (vi) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in paragraphs (i) and (ii) above;
  - (vii) changes to the General Reserve Fund Required Amount and/or any additional amounts for the purposes of an Arrears or Step-Up Trigger Event and/or the Liquidity Reserve Fund Required Amount and/or the manner in which such amounts are funded;
  - (viii) the establishment of the Funding 1 Liquidity Facility; and/or
  - (ix) changes to be made to the definitions of Asset Trigger Event and Non-Asset Trigger Event.
- (c) The Funding 1 Security Trustee shall only be required to agree or consent to the modifications set out in paragraph (b) above if the Funding 1 Security Trustee is satisfied that:
- (i) in respect of the matters set out in paragraphs (b)(i), (iv) and (v), Funding 1 or the Cash Manager has certified to the Funding 1 Security Trustee that the conditions precedent to:
    - (A) Notes being issued by the Issuer and/or Loan Tranches being made available to Funding 1 (as set out in Condition 15 and Clause 3 of the Intercompany Loan Agreement);
    - (B) the assignment of New Loans to the Mortgages Trustee (as set out in Clause 4 of the Mortgage Sale Agreement);
    - (C) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in Clause 17 of the Mortgages Trust Deed),
 have been satisfied; and
  - (ii) in respect of the matters set out in paragraphs (b)(i) to (b)(ix) inclusive, the Funding 1 Security Trustee has received written confirmation from each of the Rating Agencies that the relevant modifications will not result in a reduction, qualification or withdrawal of the current ratings of the Notes (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time and that, pursuant to Condition 16 of the Issuer Notes, the confirmation of one of the Rating Agencies may be sufficient for such purpose in respect of the Issuer Notes).
- (d) Each Funding 1 Secured Creditor hereby acknowledges that the Funding 1 Security Trustee is required to make the modifications set out in paragraph (b) above (subject to paragraph (c)), and each Funding 1 Secured Creditor further acknowledges that such modifications may adversely affect the manner in which the Mortgages Trustee allocates monies to Funding 1 and/or the amount of monies available to Funding 1 to meet the Funding 1 Secured Obligations. Each Funding 1 Secured Creditor agrees that such modifications shall be binding on it and unless the Funding 1 Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Funding 1 Secured Creditors as soon as practicable after the modifications have been made.
- (e) Each of the Funding 1 Secured Creditors agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other documents and instruments (to the extent that the Funding 1 Security Trustee is a party thereto, in form

and substance satisfactory to it) as may be required by law or necessary to give effect to the intent and purpose of this Clause 12.1 (Modification).

## **12.2 Authorisation or waiver**

The Funding 1 Security Trustee shall waive or authorise (without prejudice to its rights in respect of any further or other breach) any breach or proposed breach by Funding 1 or any other person of any of the covenants or provisions of any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.3 Requests for consent or approval**

If a request is made to the Funding 1 Security Trustee by Funding 1 or any other person to give its consent or approval to any event, matter or thing, then:

- (a) if any Funding 1 Agreement specifies that the Funding 1 Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied in relation to that event, matter or thing, then the Funding 1 Security Trustee will give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied; and
- (b) in any other case, the Funding 1 Security Trustee shall give its consent or approval to that event, matter or thing only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.4 Binding on Funding 1 Secured Creditors**

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) will be binding on all of the Funding 1 Secured Creditors.

## **12.5 Additional terms and conditions**

- (a) Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) may be made or given on such terms and subject to such conditions (if any) as the Issuer Security Trustee may direct, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.6 Notice to Funding 1 Secured Creditors**

If required by the Funding 1 Security Trustee, Funding 1 will as soon as practicable notify each of the other Funding 1 Secured Creditors in accordance with this Deed of any modification, authorisation or, waiver or consent made under this Clause 12 (Modification, Authorisation, Waiver and Consent).

# **13. ADDITIONAL PROVISIONS REGARDING THE FUNDING 1 SECURITY TRUSTEE**

## **13.1 Incorporation of Note Trust Deed provisions**

- (a) Without prejudice to the other provisions of this Deed and except as set out below, the following Clauses of the Note Trust Deed are incorporated in and will apply, *mutatis*

*mutandis*, to this Deed (and for that purpose references in that Clause to "these presents" or to "this Deed" will be construed as references to this Deed and references in that Clause to "the Note Trustee" will be construed as references to the Funding 1 Security Trustee):

- (i) Clause 16 (Remuneration and Indemnification of the Note Trustee);
  - (ii) Clause 17 (Supplement to Trustee Acts) (other than subclauses (d), (h), (p), (r) and (t));
  - (iii) Clause 18 (Note Trustee's liability);
  - (iv) Clause 19 (Note Trustee Contracting with the Issuer);
  - (v) Clause 23 (New Note Trustee);
  - (vi) Clause 24 (Note Trustee's Retirement and Removal); and
  - (vii) Clause 25 (Note Trustee's Powers to be Additional).
- (b) Reference in the clauses of the Note Trust Deed identified in subclause (a) above to:
- (i) "Issuer" will be construed as references to "Funding 1" and in the case of Clause 17(b) of the Note Trust Deed the reference to the "Issuer" shall be retained and be deemed to include a reference to "Funding 1";
  - (ii) "Note Event of Default" will be construed as references to "Intercompany Loan Event of Default";
  - (iii) "Noteholders" will be construed as references to "Funding 1 Secured Creditors";
  - (iv) "Issuer Charged Property" will be construed as references to "Funding 1 Charged Property";
  - (v) "Issuer Transaction Documents" will be construed as references to "Funding 1 Agreements"; and
  - (vi) "Issuer Deed of Charge" will be construed as references to "Funding 1 Deed of Charge".
- (c) Clause 15 (Remuneration and Indemnification of the Note Trustee) of the Note Trust Deed will be amended so that:
- (i) the last sentence of clause 15.1 is deleted and replaced by the following:

"Such remuneration shall accrue from day to day and be payable up to and including the date when Funding 1 Security Period has expired and the Funding 1 Security Trustee has released, reassigned and/or discharged Funding 1 Charged Property from Funding 1 Security as provided under this Deed.";
  - (ii) each of the references to the Note Trustee in clauses 15.5, 15.6 and 15.7 include a reference to any Receiver appointed by the Funding 1 Security Trustee; and
  - (iii) the references to "Series and Class of Notes" and "Notes of any Series and Class" in clause 15.8 shall be replaced by "Loan Tranche".

- (d) The following words shall be added to the end of clause 16.9 before the final full stop:

", provided that if the Funding 1 Security Trustee is required to appoint an administrative receiver pursuant to clause 8.2 (Administrative receiver) of Funding 1 Deed of Charge, the Funding 1 Security Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against Funding 1 under Funding 1 Deed of Charge and the security that it has in respect of such rights but otherwise without limitation to its right of indemnity and/or security under this Deed."

### **13.2 No transfer of obligations**

Notwithstanding anything else in this Deed, the Funding 1 Security Trustee does not assume and will not be obliged to perform any obligations of any other party to this Deed.

### **13.3 No obligation to insure**

The Funding 1 Security Trustee shall not be under any obligation to insure in respect of any of Funding 1 Charged Property or to require any other person to maintain any such insurance.

### **13.4 Additional Funding 1 Security Trustee provisions**

- (a) The Funding 1 Security Trustee shall be under no obligation to monitor or supervise the functions of the Servicer under the Servicing Agreement or any other Transaction Document or the Cash Manager under the Cash Management Agreement or any other Transaction Document or the Mortgages Trustee Account Bank or the Funding 1 Account Bank under the Mortgages Trustee Account Bank Agreement and the Funding 1 Account Bank Agreement respectively or any other Transaction Agreement or of any other person under or pursuant to any of the Transaction Documents.
- (b) Funding 1 shall provide to the Funding 1 Security Trustee such information as it shall reasonably request in writing to enable it to perform its functions as Funding 1 Security Trustee under the Funding 1 Agreements.
- (c) The Funding 1 Security Trustee shall not be liable to Funding 1 for acting on the request, direction or instruction of the Issuer Security Trustee or any Funding 1 Secured Creditor.
- (d) The Funding 1 Security Trustee shall not be obliged to monitor compliance by the Seller with the Representations and Warranties or to ascertain whether or not any such of the Representations and Warranties is true, accurate or complete.
- (e) The Funding 1 Security Trustee shall be entitled to assume that each of Funding 1, the Seller, the Mortgages Trustee and the Issuer is complying with their respective obligations under the Transaction Documents unless it has actual knowledge to the contrary.
- (f) The Funding 1 Security Trustee shall be entitled to rely (without further investigation or inquiry) upon any document, reasonably believed by it to be genuine, provided to it by Funding 1, the Mortgages Trustee or the Cash Manager in respect of every matter and circumstances prima facie within the knowledge of Funding 1, the Mortgages Trustee or the Cash Manager and the Funding 1 Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused by it failing to do so.
- (g) The Funding 1 Security Trustee may provide information to the Issuer Security Trustee under the Issuer Deed of Charge and to the Note Trustee under the Note Trust Deed.

- (h) The Funding 1 Security Trustee shall be entitled to rely on any certificate addressed to it whether in its capacity as Funding 1 Security Trustee under this Deed, as Issuer Security Trustee under the Issuer Deed of Charge or as Note Trustee under the Note Trust Deed and may rely on information provided to it in any such capacity.
- (i) The Funding 1 Security Trustee, if not the same as the Note Trustee and/or the Issuer Security Trustee, shall provide the Note Trustee and the Issuer Security Trustee with any information that either or both of them reasonably require.
- (j) The Funding 1 Security Trustee, if not the same as the Issuer Security Trustee and/or the Note Trustee, shall notify the Note Trustee and/or the Issuer Security Trustee of any breach of any provisions of this Deed or the Funding 1 Agreements and any event of which it has knowledge which would or may result in this Deed or the Funding 1 Security created thereby becoming enforceable.
- (k) Nothing in this Deed shall preclude the Issuer Security Trustee, the Note Trustee and the Funding 1 Security Trustee from exchanging information.

### **13.5 The Trustee**

- (a) Law Debenture Trust Company of New York (the **Initial Trustee**) is acting as Note Trustee under the Note Trust Deed and as Issuer Security Trustee under the Issuer Deed of Charge and as Funding 1 Security Trustee under this Deed (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Clause 13.5 as the **Trustee**). No entity may act as a trustee in any such capacity unless it is also the Trustee in all such capacities or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more of such capacities. In any capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.
- (b) Neither the Initial Trustee nor any of its successors has any responsibility to Noteholders, the Issuer Secured Creditors or the Funding 1 Secured Creditors for the validity, sufficiency or enforceability of the Issuer Security and the Funding 1 Security (which the Initial Trustee has not investigated) and shall accept such title and interest as any chargor or mortgagor has without responsibility for investigating the same or any defect there may be therein. Neither the Initial Trustee nor any of its successors are responsible for monitoring the performance by any person of its obligations to the Issuer, Funding 1 or any other person and each may assume until it has actual knowledge to the contrary that such obligations are being duly performed.

## **14. FUNDING 1 SECURITY POWER OF ATTORNEY**

Immediately upon execution of this Deed, Funding 1 will execute and deliver to the Funding 1 Security Trustee the Funding 1 Security Power of Attorney. The Funding 1 Security Trustee confirms that it may exercise the powers conferred under the Funding 1 Security Power of Attorney if:

- (a) the Funding 1 Security has become enforceable;
- (b) it considers such action necessary for the protection or preservation of the Attorney's (as defined in the Funding 1 Security Power of Attorney) interests and rights in and to the Funding 1 Charged Property; and/or

- (c) it considers such action ought to be done under the covenants, undertakings and provisions contained in this Deed.

## **15. FURTHER ASSURANCES**

Funding 1 must, at its own expense, take whatever action the Funding 1 Security Trustee or a Receiver may require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or
- (b) facilitating the realisation of any Funding 1 Charged Property, or the exercise of any right, power or discretion exercisable, by the Funding 1 Security Trustee or any Receiver or any of its delegates or sub-delegates in respect of any Funding 1 Charged Property.

This includes:

- (i) the execution of any transfer, conveyance, assignment, assignation or assurance of any property, whether to the Funding 1 Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Funding 1 Security Trustee may think expedient.

## **16. ADDITIONAL PROVISIONS RELATING TO FUNDING 1 SECURITY**

### **16.1 Continuing Security**

Funding 1 Security will remain in force as continuing security for Funding 1 Secured Obligations notwithstanding any settlement of account or the existence at any time of a credit balance on any Funding 1 Account or other account or any other act, event or matter.

### **16.2 No merger**

Funding 1 Security is in addition to, and will not be merged in, or in any way exclude or prejudice any other Security Interest or other right which the Funding 1 Security Trustee or any other Funding 1 Secured Creditor may now or at any time have (or would apart from Funding 1 Security have) as regards Funding 1 or any other person in respect of the Funding 1 Secured Obligations.

### **16.3 Avoidance of security or payment**

- (a) If an amount paid to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors under a Funding 1 Agreement is capable of being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (b) Any settlement, discharge or release between Funding 1 and the Funding 1 Security Trustee (or any Receiver) will be conditional upon no security or payment granted or made to the Funding 1 Security Trustee (or any Receiver, as the case may be) by Funding 1 or any other person being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force.
- (c) If any security or payment is avoided or reduced in the circumstances described in paragraph (a) above, then the Funding 1 Security Trustee (or any Receiver, as the case may

be) will be entitled to recover the value or amount of such security or payment from Funding 1 as if the relevant settlement, discharge or release had not occurred.

#### **16.4 Retention of Funding 1 Security**

- (a) If the Funding 1 Security Trustee has grounds for believing that Funding 1 may be unable to pay its debts as they fall due as at the date of any payment made by Funding 1 to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors, then the Funding 1 Security Trustee may retain Funding 1 Security until the expiry of a period of (subject to paragraph (b) below) one month plus the statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all the Funding 1 Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Funding 1 Security Trustee on, or as a consequence of, such payment or discharge of liability.
- (b) If, at any time within the period referred to in paragraph (a) above, any person presents a petition, or files documents with a court or any registrar for the winding-up or administration of Funding 1 or any analogous proceedings are commenced by or against Funding 1, the Funding 1 Security Trustee may continue to retain the Funding 1 Security for such further period as it may determine and the Funding 1 Security will be deemed to continue to be held as security for the payment and discharge to the Funding 1 Security Trustee of all of the Funding 1 Secured Obligations.

#### **16.5 Change of name, etc.**

This Deed will remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Funding 1 Security Trustee or Funding 1 or any merger, amalgamation or consolidation by the Funding 1 Security Trustee or Funding 1 with any other corporation.

#### **16.6 Negative pledge**

Funding 1 shall not, save for the Funding 1 Security, or with the prior written consent of the Funding 1 Security Trustee, or unless otherwise permitted under any of Funding 1 Agreements, create or permit to subsist any Security Interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings present or future (including any uncalled capital) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any Security Interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one or a series of transactions) or grant any option or right to acquire any such property, assets or undertaking present or future.

#### **16.7 Funding 1 Accounts**

Funding 1 hereby undertakes that, for so long as any Funding 1 Secured Obligations remain outstanding, it shall not (without the prior written consent of the Funding 1 Security Trustee):

- (a) open or maintain any bank account or deposit account with any bank or any other financial institution other than the Funding 1 Bank Accounts; or
- (b) close the Funding 1 Bank Accounts,

other than in accordance with the Funding 1 Bank Account Agreement and this Deed.



## 16.8 Additional positive covenants

Funding 1 covenants and undertakes with the Funding 1 Security Trustee for the benefit of the Funding 1 Secured Creditors as follows:

- (a) to cause to be prepared and certified by its auditors in respect of each Financial Year accounts in such form as will comply with relevant legal and accounting requirements for the time being;
- (b) at all times to keep or procure the keeping of proper books of account and records as may be necessary to comply with all applicable laws and so as to enable financial statements to be prepared and to allow the Funding 1 Security Trustee and any person or persons appointed by the Funding 1 Security Trustee to whom Funding 1 shall have no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing provided that such inspection shall only be for the purposes of carrying out its duties under this Deed and any information so obtained shall only be used and passed on to any other person for the purpose of the Funding 1 Security Trustee carrying out its duties under this Deed;
- (c) to give notice in writing to the Funding 1 Security Trustee of the occurrence of an Intercompany Loan Event of Default, a Potential Intercompany Loan Event of Default and/or the service of an Intercompany Loan Acceleration Notice (which has not been served by the Funding 1 Security Trustee) (such notice to be effective by the delivery of a copy of the Intercompany Loan Acceleration Notice to the Funding 1 Security Trustee) immediately upon becoming aware thereof and without waiting for the Funding 1 Security Trustee to take any further action;
- (d) give to the Funding 1 Security Trustee (i) within 14 days after demand by the Funding 1 Security Trustee therefore and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each Financial Year and in any event not later than the date required by statute to file or publish (whichever is earlier) such audited accounts after the end of each such Financial Year a certificate signed by two directors of Funding 1 to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) an Intercompany Loan Event of Default or a Potential Intercompany Loan Event of Default (or if such then exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate Funding 1 has complied, to the best of their knowledge and belief, with all its obligations contained in this Deed and each of the other Funding 1 Agreements or (if such is not the case) specifying the respects in which it has not so complied;
- (e) at all times to execute all such further documents and do all such further acts and things as may in the reasonable opinion of the Funding 1 Security Trustee be necessary at any time or times to give effect to the terms and conditions of this Deed and the other Funding 1 Agreements;
- (f) at all times to comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Funding 1 Agreements; and

- (g) duly and promptly to pay and discharge all Taxes imposed upon it or its assets unless such Taxes are, in the opinion of the Funding 1 Security Trustee, being contested in good faith by Funding 1.

## **17. SET-OFF**

- (a) The Funding 1 Security Trustee may at any time following an Intercompany Loan Event of Default (without notice and notwithstanding any settlement of account or other matter):
  - (i) combine or consolidate all or any existing accounts of Funding 1 whether in its own name or jointly with others and held by it or any Funding 1 Secured Creditor;
  - (ii) set-off or transfer all or any part of any credit balance or any sum standing to the credit of any account referred to in paragraph (i) above (whether or not the same is due to Funding 1 from the Funding 1 Security Trustee or relevant Funding 1 Secured Creditor and whether or not the credit balance and the account in debit or the Funding 1 Secured Obligations are expressed in the same currency) in or towards satisfaction of any of the Funding 1 Secured Obligations; and/or
  - (iii) in its discretion, estimate the amount of any liability of Funding 1 which is contingent or unascertained and set-off such estimated amount.
- (b) No amount will be payable by the Funding 1 Security Trustee to Funding 1 unless and until all Funding 1 Secured Obligations have been ascertained and fully repaid or discharged.

## **18. RELEASE**

### **18.1 Upon discharge of Funding 1 Secured Obligations**

At the end of Funding 1 Security Period, the Funding 1 Security Trustee will, at the cost of Funding 1, take whatever action is necessary to release the Funding 1 Charged Property from the Funding 1 Security to, or to the order of, Funding 1.

### **18.2 Authorised Investments**

Upon Funding 1 or the Cash Manager on its behalf making a disposal of an Authorised Investment charged under this Deed and provided that the proceeds of such disposal are paid into the Funding 1 Transaction Account in accordance with the terms of this Deed and the Cash Management Agreement, such Authorised Investment will be deemed to be released from the Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1 take whatever action is necessary to release that Authorised Investment from the Funding 1 Security.

### **18.3 Trust Property**

Upon the repurchase by the Seller from the Mortgages Trustee of any Loan and its Related Security charged under this Deed in accordance with the terms of the Mortgage Sale Agreement, such Loan and its Related Security shall no longer form part of the Trust Property (or, in the case of any Scottish Loan and its Related Security, the Scottish Trust Property in accordance with Clause 8 (Termination of Trust) of the relevant Scottish Declaration of Trust) and shall be released from the Funding Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1, take whatever action is necessary to release that Loan and its Related Security from the Funding 1 Security.

#### **18.4 Funding 1 Accounts**

For the avoidance of doubt, all amounts which the Cash Manager (on behalf of Funding 1 and, following service of a Loan Acceleration Notice if the Cash Manager is appointed as agent of the Funding 1 Security Trustee, the Funding 1 Security Trustee or its appointee) is permitted to withdraw from the Funding 1 Transaction Account pursuant to Clause 6.2 (Funding 1 Bank Accounts), Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration) or Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration) will be deemed to be released from the Funding 1 Security upon the relevant withdrawal provided that, where the relevant amount is transferred to another Funding 1 Account, it will become subject to the Funding 1 Security in respect of that other Funding 1 Account.

#### **18.5 No liability for loss**

The Funding 1 Security Trustee will not be liable to Funding 1 or any other person for any loss, costs, claims or liabilities arising in connection with its acting upon a request made under this Clause 18 (Release) and/or any release made under this Clause 18 (Release).

### **19. FUNDING 1 REPRESENTATIONS**

#### **19.1 Title**

Funding 1 represents to the Funding 1 Security Trustee that it is the beneficial owner of the Funding 1 Charged Property and the Funding 1 Charged Property is free of any Security Interests (except for those created by or under this Deed) and any other rights or interests (including any licences) in favour of third parties.

#### **19.2 No restriction**

Funding 1 represents to the Funding 1 Security Trustee that as at the Initial Closing Date none of its property, assets and/or undertaking are subject to any restriction (whether contractual or otherwise) that may render the Security Interests granted by Funding 1 under this Deed ineffective or which otherwise prohibit the grant of such Security Interests.

#### **19.3 Steps taken**

Funding 1 represents to the Funding 1 Security Trustee that it has taken all necessary steps to enable it to create the Funding 1 Security in accordance with this Deed and has taken no actions or steps which will or may prejudice its rights, title and interest in, to and under any Funding 1 Charged Property.

#### **19.4 Funding 1 Agreements**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) each Funding 1 Agreement is its legally binding, valid, and enforceable obligation;
- (b) it is not in default of any of its obligations under any Funding 1 Agreement;
- (c) there is no prohibition on assignment in any Funding 1 Agreement; and
- (d) its entry into and performance of this Deed will not conflict with any term of any Funding 1 Agreement.

### **19.5 Nature of security**

Funding 1 represents to the Funding 1 Security Trustee that this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on its liquidation or administration or otherwise, except that Security Interests expressed to be fixed may take effect as floating charge security.

### **19.6 United States Activities**

Funding 1 represents to the Funding 1 Security Trustee that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles and will not 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.

### **19.7 Centre of main interests and establishment**

- (a) Funding 1 represents to the Funding 1 Security Trustee that its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and it does not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.
- (b) Funding 1 undertakes to conduct its business and affairs such that, at all relevant times, its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations will be and remain in England and it will not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.

### **19.8 Times for making representations**

- (a) The representations set out in this Deed (including in this Clause 19 (Funding 1 Representations)) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Funding 1 on each date during Funding 1 Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

### **19.9 Funding 1 Profit Amount**

Funding 1 shall consider from time to time the level of the profit made by Funding 1 and if Funding 1 determines that a change in such level is appropriate in all the circumstances, then Funding 1 shall certify, with a copy to the Rating Agencies and the Funding 1 Security Trustee that its tax position shall not be adversely affected thereby.

### **19.10 Funding 1 assets**

Funding 1 represents to the Funding 1 Security Trustee that its assets constitute "financial assets" as defined in the Taxation of Securitisation Companies Regulations 2006 (the **Regulations**).

### **19.11 Retained amounts**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) in respect of each accounting period of Funding 1, the only amounts retained by Funding 1 have been and will be either (i) amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness or (ii) its profit; and
- (b) to the extent that amounts are received by Funding 1 pursuant to any Funding 1 Transaction Document, Funding 1 has a corresponding obligation to pay out an equal amount by way of cost or expense owing to a third party less an amount equal to the Funding 1's profit.

### **19.12 Permanent regime for securitisation companies**

Funding 1 has elected into the permanent regime for securitisation companies established under the Regulations within the requisite time limits therefor and in the form required by the Regulations.

## **20. EVIDENCE OF INDEBTEDNESS**

In any action, proceedings or claim relating to this Deed or the Funding 1 Security, any statement (which will contain information in reasonable detail in support thereof) as to:

- (a) any amount due to any Funding 1 Secured Creditor;
- (b) all or any part of the Funding 1 Secured Obligations; or
- (c) any amounts which have been notified to the Funding 1 Security Trustee as being amounts due to any Funding 1 Secured Creditor,

in each case, which is certified as being correct by an officer of the relevant Funding 1 Secured Creditor will be conclusive evidence that such amount is in fact due and payable.

## **21. RIGHTS CUMULATIVE**

The respective rights of the Funding 1 Security Trustee and any Receiver under this Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

## **22. SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

## **23. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile). This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been executed and delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party hereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## **24. NOTICES**

### **24.1 In writing**

Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post or by fax. Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

### **24.2 Party details**

The contact details of each party to this Deed for all communications in connection with this Deed are those set out below:

- (a) in the case of Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (b) in the case of the Issuer, to Fosse Master Issuer plc, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (c) in the case of the Seller, the Cash Manager, the Funding 1 Swap Provider and the Funding 1 Start-Up Loan Provider, to Alliance & Leicester plc, Carlton Park, Narborough, Leicester LE19 0AL (facsimile number: +44 (0) 0870 907 2277) for the attention of the Group Treasurer or, on and after the Transfer Date (if applicable), to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, c/o Abbey House, (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (d) in the case of the Mortgages Trustee, to Fosse Finance Trustee Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (facsimile number: +44 (0) 1534 609 333) for the attention of Harvey Austin-Vautier;
- (e) in the case of the Corporate Services Provider, to Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0) 20 7398 6325) for the attention of the Directors;

- (f) in the case of each of the Issuer Security Trustee and the Funding 1 Security Trustee, to Law Debenture Trust Company of New York, 767 Third Avenue – 31<sup>st</sup> Floor, New York, New York 10017 (facsimile number +1 212 750 1361) for the attention of Patrick Healy;
- (g) in the case of the Funding 1 Account Bank, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number +44 (0)20 7756 5627) for the attention of the Company Secretary with copies to (i) Abbey National plc, 21 Prescott Street, London E1 8AD (facsimile number 020 76125088) for the attention of Head of Subsidiary Banking and (ii) Abbey National plc, c/o Abbey House (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile no. +44 (0)1908 343 019) for the attention of Securitisation Team, Retail Credit Risk;
- (h) in the case of Moody's, to Moody's Investor Services Limited, 2 Minster Court, Mincing Lane, London EC3R 7XB (facsimile number: +44 (0) 20 7772 5400) for the attention of Asset Backed Finance;
- (i) in the case of S&P, to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 20 Canada Square, London, United Kingdom, E14 5LH (facsimile number: +44 (0) 20 7826 3598) for the attention of the Structured Finance Surveillance Group; and
- (j) in the case of Fitch, to Fitch Ratings Ltd., Eldon House, 2 Eldon Street, London EC2M 7UA (facsimile number: +44 (0) 20 7417 6262) for the attention of European Structured Finance.

### **24.3 Changes**

Any party may change its contact details by giving five London Business Days' notice to the other parties.

### **24.4 Effectiveness**

- (a) Except as provided below, any notice in connection with this Deed will be deemed to be given as follows:
  - (i) if delivered in person, at the time of the delivery;
  - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
  - (iii) if by fax, when received in legible form.
- (b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## **25. ASSIGNMENT**

Neither Funding 1 nor any of the Funding 1 Secured Creditors may assign, encumber or transfer all or any part of its rights or benefits and/or transfer its obligations under this Deed without the prior written consent of the Funding 1 Security Trustee, save that the Issuer may assign its rights under this Deed without such consent to the Issuer Security Trustee under the Issuer Deed of Charge.

## **26. LANGUAGE**

- (a) Any notice given in connection with this Deed must be in English.
- (b) Any other document provided in connection with this Deed must be:
  - (i) in English; or
  - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

## **27. LAW AND JURISDICTION**

### **27.1 Governing Law**

This Deed (and any non-contractual obligations out of or in connection with it) shall be governed by, and construed in accordance with, English law (provided that any terms of this Deed which are particular to Scots law shall be construed in accordance with the laws of Scotland and any terms of this Deed which are particular to Northern Irish law shall be construed in accordance with the laws of Northern Ireland).

### **27.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **27.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with any finance document or any transaction contemplated by any finance document. This deed may be filed as a written consent to trial by court.

## **28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **29. EFFECTIVENESS OF EXECUTION**

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding upon Funding 1 and the Funding 1 Security Trustee upon at least once copy of this Deed having been executed and delivered by both Funding 1 and the Funding 1 Security Trustee notwithstanding that any other person expressed to be a party to this Deed has not then executed and delivered this Deed and notwithstanding any such party has executed or executes and has delivered or delivers a counterpart of this Deed.



**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1**

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

Witness's signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )  
 )

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
 )

Witness's signature:

Name:

Address:

**SCHEDULE 1**  
**FORM OF NOTICE OF CHARGE**

From: Fosse Funding (No.1) Limited (Funding 1)

To: [Relevant party name[s]]

Copy: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)

28 November 2006

Dear Sirs,

We hereby give you notice that by a deed of charge dated 28 November 2006 and made between Funding 1, the Funding 1 Security Trustee and others (**Funding 1 Deed of Charge**), Funding 1 charged to the Funding 1 Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the [*insert relevant agreement name[s]*] dated [*insert date*] (each as defined in the Master Definitions and Construction Schedule signed on the date thereof by, *inter alios*, Funding 1 and the [*relevant party name[s]*] and made, in each case, between, amongst others, Funding 1 and the [*relevant party name[s]*].

You are authorised and instructed henceforth to deal with the Funding 1 Security Trustee in relation to our rights (but not our obligations) under the [*insert relevant agreement name[s]*] without further reference to us.

This notice is irrevocable. Please acknowledge receipt of this notice to the Funding 1 Security Trustee on the attached Consent to Charge.

Yours faithfully,

.....  
SFM Directors Limited, as Director  
for and on behalf of  
**FOSSE FUNDING (NO. 1) LIMITED**

**SCHEDULE 2**  
**FORM OF CONSENT TO CHARGE**

From: [Relevant Party Name[s]]

To: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)  
Fosse Funding (No. 1) Limited (**Funding 1**)

28 November 2006

Dear Sirs,

We hereby acknowledge receipt of the notice of charge dated 28 November 2006 relating to Funding 1 Deed of Charge (as defined therein) as adequate notice of the charge described therein.

We agree to deal only with the Funding 1 Security Trustee in relation to Funding 1's rights (but not its obligations) under the [relevant agreement name[s]] referred to, and as defined in, such notice without any reference to Funding 1.

We have not received from any other person any notice of charge of or any interest in the [relevant agreement name[s]].

Yours faithfully,

.....  
For and on behalf of  
[Relevant party name]

.....  
For and on behalf of  
[Relevant party name]

### SCHEDULE 3

#### FORM OF ACCESSION DEED

**THIS DEED** is made on *[date]*

#### **BETWEEN**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **[ALLIANCE & LEICESTER PLC** a public limited company incorporated under the laws of England and Wales (registered number 03263713), whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL (acting in its capacities as **Seller, Cash Manager, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);]
- (5) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Account Bank** *[and on and after the Transfer Date: Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider]*);
- (6) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a company incorporated in England and Wales with limited liability (registered number 3853947) and having its registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as **Corporate Services Provider**);
- (7) **FOSSE TRUSTEE LIMITED**, a private limited company incorporated under the laws of Jersey, Channel Islands (registered number 94410), whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (acting in its capacity as **Mortgagee Trustee**);
- (8) *[any other Funding 1 Secured Creditor.];* and
- (9) *[name of the new Funding 1 Secured Creditor]* (the **New Funding 1 Secured Creditor**).

#### **NOW THIS DEED WITNESSES AS FOLLOWS**

#### **WHEREAS**

- (A) Pursuant to the terms of a *[describe agreement]* (the **Agreement**) dated *[date]* made between Funding 1 and the New Funding 1 Secured Creditor, Funding 1 has agreed to *[describe nature of the obligations of Funding 1 under the Agreement]*.

- (B) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in the Funding 1 Deed of Charge to secure Funding 1's obligations to the Funding 1 Secured Creditors.
- (C) The terms of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor thereunder.
- (D) The New Funding 1 Secured Creditor has agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge.
- (E) The Funding 1 Secured Creditors have agreed to enter into this Deed to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Funding 1 Priority of Payments set out in **Part 1, Part 2 and Part 3 of Schedule 4** of the Funding 1 Deed of Charge as are required and any other amendment as may be required to give effect to this Accession Deed.

## 1. INTERPRETATION

The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Funding 1 Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009 and 11 March 2010) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009 and 11 March 2010 (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Accession Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Accession Deed, including the Recitals hereto and this Accession Deed shall be construed in accordance with the interpretation provisions set out in clause 2 of the Master Definitions and Construction Schedule.

## 2. REPRESENTATIONS AND WARRANTIES

The New Funding 1 Secured Creditor hereby represents and warrants to the Funding 1 Security Trustee and each of the Funding 1 Secured Creditors in respect of itself that as of the date of this Deed:

- (a) pursuant to the terms of the Agreement, Funding 1 has agreed to pay to the New Funding 1 Secured Creditor the amount (if any) [*describe in relation to the Agreement*]; and
- (b) the Agreement expressly provides that all amounts due from Funding 1 thereunder are to be secured by the Funding 1 Deed of Charge.

## 3. ACCESSION

- (a) In consideration of the New Funding 1 Secured Creditor being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date of this Deed, the New Funding 1 Secured Creditor:
  - (i) confirms that as from [*date*], it intends to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor;

- (ii) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto;
- (iii) undertakes to perform comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.6; and
- (iv) agrees that the Funding 1 Security Trustee shall be the Funding 1 Security Trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge.

#### **4. SCOPE OF THE FUNDING 1 DEED OF CHARGE**

Funding 1, the New Funding 1 Secured Creditor and the Funding 1 Security Trustee hereby agree that for relevant purposes under the Funding 1 Deed of Charge and the Master Definitions and Construction Schedule:

- (a) the Agreement shall be treated as a Funding 1 Agreement; and
- (b) the New Funding 1 Secured Creditor shall be treated as a Funding 1 Secured Creditor.

#### **5. AMENDMENT TO THE FUNDING 1 PRIORITY OF PAYMENTS**

The Funding 1 Secured Creditors agree to amend and restate the Funding 1 Priority of Payments set out in Schedule 4 of the Funding 1 Deed of Charge in accordance with Appendix 1 hereto.

#### **6. APPLICATION**

Prior to and following enforcement of the Funding 1 Security all amounts at any time held by Funding 1, the Cash Manager or the Funding 1 Security Trustee in respect of the security created under this Deed shall be held and/or applied by such person subject to and in accordance with the relevant provisions of the Funding 1 Deed of Charge.

#### **7. NOTICES**

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 24 (Notices) of the Funding 1 Deed of Charge to the addresses given in this Clause 7 (Notices) or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing.

The address referred to in this Clause 7 (Notices) for the New Funding 1 Secured Creditor is:

[       ]

For the attention of: [       ]

Telephone: [       ]

Facsimile: [       ]

or such other address and/or numbers as the New Funding 1 Secured Creditor may notify to the parties to the Funding 1 Deed of Charge in accordance with the provisions thereof.

## 8. CHOICE OF LAW

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

**DULY EXECUTED AND DELIVERED AS A DEED** by each of the parties hereto or on its behalf on the date appearing on page 1.

### Funding 1

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Issuer

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED as a DEED by** )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:



**[Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**ALLIANCE & LEICESTER PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

Witness's signature:

Name:

Address:]

**Funding 1 Account Bank [*and on and after the Transfer Date:* Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider]**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its attorney in the presence of: )

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Funding 1 Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )

the company, in the presence of \_\_\_\_\_ )  
\_\_\_\_\_ )

Witness's signature:

Name:

Address:

[insert signature block for New Funding 1 Secured Creditor]

## **SCHEDULE 4**

### **FUNDING 1 PRIORITY OF PAYMENTS**

#### **PART 1**

#### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

##### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and

- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);

- (q) (to the extent any Rated Notes are outstanding) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) towards a credit to the NR Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (s) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the NR Loan Tranches;
- (t) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (u) towards payment to Funding 1 of an amount equal to the sum of (1) an amount equal to 0.01 per cent. of the Funding 1 Available Revenue Receipts for such Funding 1 Interest Payment Date and (2) an amount equal to the aggregate of 0.01 per cent of the Funding 1 Available Revenue Receipts in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (u) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;
- (v) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements; and
- (w) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## PART 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITIES OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the NR Loan Tranches, in each case subject to Rules (1) and (2) below;
- (j) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (i) inclusive of this priority of payments); and
- (k) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

(A) If on a Funding 1 Interest Payment Date:

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
- (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
- (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,



then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof;
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof; and/or
  - (v) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche, any BBB Loan Tranche or any BB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche, BBB Loan Tranche or BB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) and/or (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the NR Loan Tranches will not be entitled to principal repayments under item (i) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;

- (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
- (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;
- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount; and
- (e) for any NR Loan Tranche, the amount of principal due (or any part thereof) in respect of the NR Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount, the Class C Available Subordinated Amount and the Class D Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and

(B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g), (h) and/or (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. **Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date**

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Loan Tranches}}{\text{Aggregate Outstanding Principal Amount of all Loan Tranches}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (k) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

#### ***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan

Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;

- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount

received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche.

## PART 3

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments following an Intercompany Loan Acceleration;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Alliance & Leicester under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;



- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the NR Loan Tranches;
- (k) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (l) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (m) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements.

## SCHEDULE 5

### FORM OF FUNDING 1 SECURITY POWER OF ATTORNEY

**THIS POWER OF ATTORNEY** is made on 28 November 2006 by **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696) whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Principal**).

#### WHEREAS:

- (1) By virtue of a deed of charge (the **Funding 1 Deed of Charge**) dated 28 November 2006 between, *inter alios*, the Principal, the Issuer, the Funding 1 Security Trustee, the Issuer Security Trustee, the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider, the Funding 1 Start-Up Loan Provider, the Corporate Services Provider and the Mortgages Trustee, (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney.
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Funding 1 Deed of Charge.

#### NOW THIS POWER OF ATTORNEY WITNESSETH:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Funding 1 Deed of Charge appoints Law Debenture Trust Company of New York and any other person or persons for the time being the security trustee or security trustees of and under the Funding 1 Deed of Charge (the **Attorney**) and any receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case bona fide necessary for the protection or preservation of the Attorney's interests and rights in and to the Funding 1 Charged Property or which ought to be done under the covenants, undertakings and provisions contained in the Funding 1 Deed of Charge on or at any time after the service of an Intercompany Loan Acceleration Notice or in any other circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9.4 (Power of sale) to 9.10 (Scottish Trust Property) (inclusive) of the Funding 1 Deed of Charge including (without limitation) any or all of the following:
  - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Funding 1 Security and/or the Funding 1 Charged Property or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done; and
  - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Funding 1 Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefor.

2. In favour of the Attorney, any Receiver and/or Administrator and/or Substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a Substitute in the purported exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns.
3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or Substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.
4. The provisions of Clause 3 shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney.
5. The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or Substitute carried out or purported to be carried out under the terms hereof.
6. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or Substitute shall properly and lawfully do or cause to be done in and concerning the Funding 1 Security Trustee's, the Funding 1 Security and/or the Funding 1 Charged Property.

**IN WITNESS WHEREOF** this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written.

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
 by two directors, being )  
 SFM Directors Limited and )  
 SFM Directors (No.2) Limited )

**EXECUTION VERSION**

## **THIRD SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 21 APRIL 2011**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider and Funding 1 Account Bank)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS THIRD SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 21 April 2011

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Funding 1 Account Bank**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended on 1 August 2007 and 11 March 2010) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) On 23 November 2009, Santander UK PLC replaced Alliance & Leicester plc as the Funding 1 Account Bank and acceded to the Existing Funding 1 Deed of Charge in such capacity.
- (D) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

- 1.1** The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, novated, varied or, supplemented and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2** This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- 1.3** On and from the Part VII Effective Date, the Existing Funding 1 Deed of Charge shall be construed as if Santander UK had always been a party to it instead of Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider. Accordingly, on and from the Part VII Effective Date, all rights, liabilities, obligations, powers, trusts, authorities, duties and discretions exercised or performed (or exercisable or performable) by Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider under the Existing Funding 1 Deed of Charge prior to the Part VII Effective Date are deemed to have been exercised or performed (or to have been exercisable or performable) by Santander UK. However, the foregoing shall not apply to the extent inconsistent with the Part VII Scheme or to create or diminish any rights, liabilities, obligations, powers, trusts, authorities, duties or discretions or to create or diminish any other assets and liabilities (as to be defined in the Part VII Scheme) otherwise than as provided for in the Part VII Scheme.

**2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

With effect from the date hereof the Existing Funding 1 Deed of Charge is modified in such manner as would result in the Existing Funding 1 Deed of Charge as so modified being in the form set out in the Appendix 1 to this Deed.

**3. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

**4. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

**5. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.



## 6. LAW AND JURISDICTION

### 6.1 Governing Law

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

### 6.2 Submission to jurisdiction

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### 6.3 Waiver of trial by jury

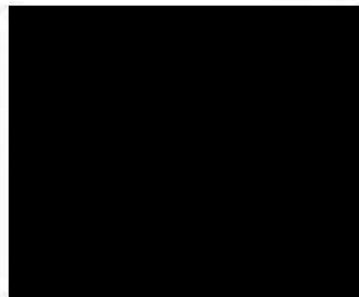
Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

#### Funding 1

EXECUTED as a DEED by  
FOSSE FUNDING (NO. 1) LIMITED  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

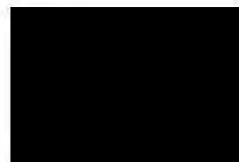
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#### Issuer

EXECUTED as a DEED by  
FOSSE MASTER ISSUER PLC  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

)  
)  
)  
)  
)



**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider and Funding 1 Account Bank**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

Director/Secretary

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider and Funding 1 Account Bank**

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

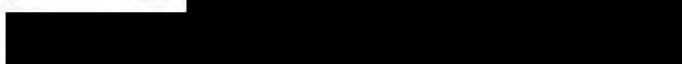


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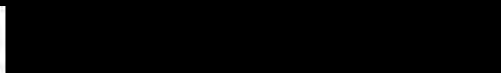
Witness's Signature:



Name:



Address



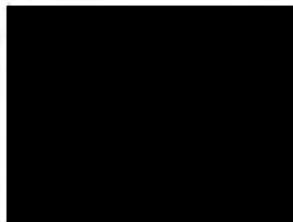
**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )



Director

Director/Secretary



**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
)  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
)

[REDACTED]

Witness's signature:

[REDACTED]

Name:

[REDACTED]

Address:

[REDACTED]

**APPENDIX 1**

**FUNDING 1 DEED OF CHARGE**

**FUNDING 1 DEED OF CHARGE AS SUPPLEMENTED AND  
AMENDED ON 1 AUGUST 2007, 11 MARCH 2010 AND 21 APRIL  
2011**

**DATED 28 NOVEMBER 2006**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider and Funding  
1 Account Bank)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

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**THIS FUNDING 1 DEED OF CHARGE** (this **Deed**) is dated 28 November 2006 as supplemented and amended on 1 August 2007, 11 March 2010 and 21 April 2011

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 767 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC**, a public limited company incorporated in England and Wales with limited liability (registered number 2294747), whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) Pursuant to the terms of the Intercompany Loan Agreement of even date herewith, the Issuer has agreed to make available from time to time Loan Tranches to Funding 1.
- (B) The Cash Manager has agreed to provide certain cash management services to Funding 1 on the terms set out in the Cash Management Agreement.
- (C) The Funding 1 Account Bank has agreed to provide certain banking services to Funding 1 on the terms set out in the Funding 1 Bank Account Agreement and the Funding 1 Guaranteed Investment Contract.
- (D) The Funding 1 Swap Provider has agreed to provide the Funding 1 Swap to Funding 1 on the terms set out in the Funding 1 Swap Agreement.
- (E) The Corporate Services Provider has agreed to provide certain corporate services to Funding 1 on the terms set out in the Funding 1 Corporate Services Agreement.
- (F) The Funding 1 Start-Up Loan Provider has agreed to make available the Start-Up Loans from time to time to Funding 1 on the terms set out in the Funding 1 Start-Up Loan Agreements.

- (G) Funding 1 has agreed to provide security in respect of Funding 1's obligations under the Funding 1 Agreements to which it is a party, subject to and in accordance with the terms thereof and hereof.
- (H) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in this Deed to secure Funding 1's obligations under the Funding 1 Agreements, upon and subject to the terms hereof. The Funding 1 Security Trustee shall hold such security on trust for the benefit of the Funding 1 Secured Creditors.
- (I) Pursuant to the terms of the Issuer Deed of Charge, the Issuer will grant security to the Issuer Security Trustee (as security trustee for the Issuer Secured Creditors) in and to all of its right, title, interest and benefit, present and future, under this Deed to secure the Issuer's obligations to the Issuer Secured Creditors upon and subject to the terms thereof.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Construction**

- (a) The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including without limitation on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and the date hereof) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- (b) This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- (c) If there is any conflict between the provisions of the Master Definitions and Construction Schedule, the Issuer Master Definitions and Construction Schedule and the provisions of this Deed, the provisions of this Deed will prevail.
- (d) The term **this Deed** means this Deed and any deed executed in accordance with, or expressed to be supplemental to, this Deed.
- (e) Any covenant of Funding 1 under this Deed (other than a payment obligation) shall remain in force during Funding 1 Security Period.
- (f) The terms of the other Transactions Documents are incorporated in this Deed to the extent required to give effect thereto and/or to ensure that any purported disposition contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1994.



- (g) Unless the context otherwise requires, a reference to a Funding 1 Charged Property includes the proceeds of sale of that Funding 1 Charged Property.
- (h) The term **full title guarantee** will be construed in accordance with the LP (MP) Act but so that the covenants implied by the LP (MP) Act in respect of Funding 1 Security do not include:
  - (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) of the LP (MP) Act; and
  - (ii) section 6(2) of the LP (MP) Act.

## 2. SECURITY TRUST

### 2.1 Declaration of Trust

The Funding 1 Security Trustee holds all of the covenants, undertakings, Security Interests and other rights and benefits made or given under this Deed and the other Funding 1 Agreements on trust for itself and the other Funding 1 Secured Creditors upon and subject to the terms and conditions of this Deed.

## 3. CREATION OF FUNDING 1 SECURITY

### 3.1 General

- (a) All Funding 1 Security:
  - (i) is created in favour of the Funding 1 Security Trustee for itself and as trustee on behalf of the other Funding 1 Secured Creditors;
  - (ii) is created over the present and future assets of Funding 1;
  - (iii) is security for the payment or discharge of Funding 1 Secured Obligations; and
  - (iv) is made with full title guarantee (or, in relation to any rights or assets situated in Northern Ireland or otherwise governed by Northern Irish law, as beneficial owner, or, in relation to any rights or assets situated in Scotland or otherwise governed by Scots law, with absolute warrandice).
- (b) The term **all of its rights** as used in this Clause includes, unless the context requires otherwise:
  - (i) the benefit of all covenants, undertakings, representations, warranties and indemnities;
  - (ii) all powers and remedies of enforcement and/or protection;
  - (iii) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and
  - (iv) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the relevant Funding 1 Charged Property.

### **3.2 Trust Property**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights, title, interest and benefit in the Trust Property (including, without limitation, all Scottish Trust Property, present and future, comprised in the Trust Property).

### **3.3 Contracts**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of Funding 1 Agreements.

### **3.4 Funding 1 Accounts**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) any amount standing from time to time to the credit of Funding 1 Bank Accounts;
- (b) all interest paid or payable in relation to those amounts; and
- (c) all debts represented by those amounts.

### **3.5 Authorised Investments**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the Authorised Investments made or purchased from time to time by or on behalf of Funding 1 (whether owned by it or held by any nominee on its behalf) using moneys standing to the credit of Funding 1 Accounts; and
- (b) all interest, moneys and proceeds paid or payable in relation to those Authorised Investments.

### **3.6 Miscellaneous**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Funding 1 Charged Property; and
- (b) any compensation which may be payable to it in respect of those authorisations.

### **3.7 Floating charge**

- (a) Funding 1 charges by way of a first floating charge all of its undertaking and all of its property and assets (including, without limitation, its uncalled capital) other than any property or assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under this Clause 3 (but excepting from the foregoing exclusion all of Funding 1's undertaking, property and assets situated in Scotland or the rights to which are governed by Scots law, all of which are charged by the floating charge hereby created).
- (b) Except as provided below, the Funding 1 Security Trustee may, by notice to Funding 1 (and so far as permitted by applicable law), convert the floating charge created under this

Clause 3 into a fixed charge as regards any of Funding 1's assets subject to the floating charge specified in that notice, if:

- (i) an Intercompany Loan Event of Default is outstanding;
  - (ii) the Funding 1 Security Trustee considers those assets or any part thereof to be in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process or to be otherwise in jeopardy; and/or
  - (iii) a circumstance occurs which the Funding 1 Security Trustee considers to (or to be likely to) prejudice, imperil or threaten Funding 1 Security.
- (c) Except as provided below, the floating charge created by this Clause 3 will automatically (so far as permitted by applicable law) convert into a fixed charge as regards:
- (i) all of Funding 1's assets subject to the floating charge, upon the service of an Intercompany Loan Acceleration Notice; and/or
  - (ii) any assets of Funding 1 subject to the floating charge, if those assets (contrary to the covenants and undertakings contained in Funding 1 Agreements):
    - (A) are or become subject to a Security Interest in favour of any person other than the Funding 1 Security Trustee; or
    - (B) are or become the subject of a sale, transfer or other disposition,  
immediately prior to that Security Interest arising or that sale, transfer or other disposition being made.
- (d) The floating charge created by this Clause 3 may not be converted into a fixed charge solely by reason of:
- (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium,
- under Section 1 of the Insolvency Act 1986.
- (e) The floating charge created by this Clause 3 is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986 and for the purpose of paragraph 15 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989 (as amended) (if appropriate).

#### 4. ACKNOWLEDGEMENTS AND UNDERTAKINGS

##### 4.1 Funding 1 Security

- (a) This Deed constitutes notice in writing to each Funding 1 Secured Creditor of the assignment or assignation of all of Funding 1's rights to the Funding 1 Agreements under Clause 3.3 (Contracts).
- (b) By executing this Deed, each Funding 1 Secured Creditor acknowledges and consents to the assignment or assignation referred to in this Clause 4.1 (Funding 1 Security) and the other Security Interests made or granted under this Deed and confirms that as of the date of

this Deed it has not received from any other person notice of any assignment, assignation or charge of any Funding 1 Charged Property.

- (c) Immediately upon the execution of this Deed, Funding 1 will deliver a notice of assignment substantially in the form set out in Schedule 1 (Form of Notice of Charge) hereto to each of the addressees named in the notice and will use all reasonable endeavours to procure that delivery to the Funding 1 Security Trustee on the date of this Deed of receipts from the addressees of that notice substantially in the form attached to the notice.
- (d) Each Funding 1 Secured Creditor acknowledges the Funding 1 Security, and covenants to the Funding 1 Security Trustee not to do anything inconsistent with the Funding 1 Security or knowingly to prejudice that security or any of the Funding 1 Charged Property (or the Funding 1 Security Trustee's interest in those assets) provided that, subject to Clause 5 (Restrictions on Exercise of Certain Rights) hereto, this Deed does not limit the rights of any of Funding 1 Secured Creditors under the Funding 1 Agreements.
- (e) Without prejudice to the generality of Clause 4.1(a), Funding 1 hereby intimates and gives notice to the Mortgages Trustee as trustee under and in terms of the Mortgages Trust Deed of the assignment in security made in terms of Clause 3.2 (Trust Property) and the Mortgages Trustee by its execution of this Deed as such trustee immediately subsequent to the execution hereof by Funding 1 confirms that as at the date hereof it has received no intimation of any other dealing with the Funding 1 Share or any other rights, title, interest or benefit in the Trust Property except in accordance with the Funding 1 Agreements.

#### **4.2 Registration of Funding 1 Security**

Within 21 calendar days of the date of creating the Funding 1 Security Funding 1 undertakes to file (or to procure that a filing is made) with the Registrar of Companies pursuant to the provisions of Chapter 1 of Part XII of the Companies Act 1985 a duly completed Form 395 in respect of itself together with the required registration fee and an executed copy of this Deed.

#### **4.3 Funding 1 Agreements**

Each Funding 1 Secured Creditor acknowledges that it is bound by, and deemed to have notice of, all of the provisions of the Funding 1 Agreements as if it was a party to each Funding 1 Agreement.

#### **4.4 Payments to Funding 1**

Notwithstanding the Funding 1 Security but subject as provided otherwise in this Deed, each of the parties acknowledges that each Funding 1 Secured Creditor and each other party to any Funding 1 Agreement may continue to make all payments becoming due to Funding 1 under any Funding 1 Agreement in the manner envisaged by that document until receipt of written notice from the Funding 1 Security Trustee or any Receiver requiring payments to be made otherwise.

#### **4.5 Exercise of rights under Funding 1 Agreements**

- (a) Subject to Clause 8 and Clause 12, without prejudice to the rights of the Funding 1 Security Trustee after the security created under this Deed has become enforceable, the Funding 1 hereby authorises the Funding 1 Security Trustee, prior to the security created by this Deed becoming enforceable, to exercise or direct the exercise, or refrain from exercising or directing the exercise of, all rights, powers, authorities, discretions and remedies of the Funding 1 under or in respect of the Funding 1 Agreements referred to in Clause 3.3 (Contracts).

- (b) For the avoidance of doubt, the Funding 1 Security Trustee shall not be required to have regard to the interests of Funding 1 in the exercise or non-exercise or the direction or non-direction of the exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Funding 1 in relation thereto.
- (c) Funding 1 shall not, without the prior written consent of the Funding 1 Security Trustee:
  - (i) permit any of the Funding 1 Agreements to which it is a party to become invalid or ineffective or the priority of the Security Interests created or evidenced thereby or pursuant thereto to be varied;
  - (ii) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Funding 1 Agreements; or
  - (iii) permit any party to any of the Funding 1 Agreements or any other person whose obligations form part of the Funding 1 Charged Property to be released from its obligations.

#### **4.6 New Funding 1 Secured Creditors**

- (a) In order to become a New Funding 1 Secured Creditor a creditor of Funding 1 must enter into an Accession Deed in or substantially in the form set out in Schedule 3 (Form of the Accession Deed).
- (b) Each New Funding 1 Secured Creditor will be bound by the provisions of this Deed as if it contained covenants by each New Funding 1 Secured Creditor in favour of the Funding 1 Security Trustee and every other Funding 1 Secured Creditor to observe and be bound by all provisions of this Deed to apply to the Funding 1 Secured Creditors.

### **5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS**

#### **5.1 Payments to Funding 1 Accounts**

At all times prior to the release, re-assignment, retrocession and/or discharge under Clause 18 (Release) of the Funding 1 Security, Funding 1 will, save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing, procure that all amounts received by Funding 1 under or in respect of the Funding 1 Agreements will be credited to the Funding 1 Accounts in accordance with Clause 6.2 (Funding 1 Bank Accounts) and the other applicable terms of the Funding 1 Agreements.

#### **5.2 No withdrawals from Funding 1 Accounts**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts other than as expressly permitted under this Deed or the Cash Management Agreement or with the prior written consent of the Funding 1 Security Trustee.

#### **5.3 No enforcement by Funding 1 Secured Creditors**

- (a) Except as provided below, each of Funding 1 Secured Creditors (other than, in the case of paragraph (iii) below, the Funding 1 Security Trustee) agrees with Funding 1 and the Funding 1 Security Trustee that:
  - (i) only the Funding 1 Security Trustee may enforce the Funding 1 Security in accordance with the terms and conditions of this Deed;

- (ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1; and
  - (iii) it will not take any other steps or action against Funding 1 or the Funding 1 Charged Property for the purpose of recovering any of the Funding 1 Secured Obligations (including by exercising any rights of set-off) or enforcing any rights arising out of the Funding 1 Agreements against Funding 1.
- (b) If the Funding 1 Security Trustee has failed to enforce the Funding 1 Security within 30 days of becoming bound under the terms of this Deed so to do and that failure is continuing, then the Issuer Security Trustee or (if there is no outstanding Loan Tranche under the Intercompany Loan Agreement) each of the other Funding 1 Secured Creditors will be entitled to take any steps and proceedings against Funding 1 for the purpose of recovering any of the Funding 1 Secured Obligations or enforcing any rights arising out of the Funding 1 Agreements as it considers necessary other than any steps or proceedings:
  - (i) in respect of procuring the winding up, administration or liquidation of Funding 1; and/or
  - (ii) which would result in the breach by it of Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) and/or Clause 7 (Payments out of Funding 1 Accounts Upon Acceleration) herein and/or any term of the other Funding 1 Agreements.

#### **5.4 Limited recourse**

- (a) Each Funding 1 Secured Creditor hereby agrees that, notwithstanding any other provision of any Funding 1 Agreement, all obligations of Funding 1 to each Funding 1 Secured Creditor in respect of the Funding 1 Secured Obligations owing to each Funding 1 Secured Creditor are limited in recourse as set out below:
  - (i) in the event of non-payment of any sum due and payable to a Funding 1 Secured Creditor, its only remedy shall be enforcement of the Funding 1 Security in accordance with the provisions of this Deed and the other Funding 1 Agreements; and
  - (ii) in the event that the net proceeds of enforcing and (as fully as practicable and over whatever time period the Funding 1 Security Trustee considers reasonably necessary) realising all Funding 1 Security are (after application of the proceeds in accordance with the provisions of this Deed) insufficient to discharge in full the amount of any Funding 1 Secured Obligation owed to a Funding 1 Secured Creditor, Funding 1's obligation in respect of the unpaid amount shall be automatically extinguished and such Funding 1 Secured Creditor shall have no further claim against Funding 1 in respect of such unpaid amount.
- (b) The provisions of this Clause 5.4 (Limited recourse) shall survive the termination of this Deed.

#### **5.5 Amounts received by Funding 1 Secured Creditors**

Each Funding 1 Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any Funding 1 Secured Obligation owed to it other than in accordance with the provisions of this Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this

Deed shall be received and held by it as trustee for the Funding 1 Security Trustee and shall be paid over to the Funding 1 Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of this Deed.

## **6. PAYMENTS OUT OF FUNDING 1 ACCOUNTS PRIOR TO ACCELERATION**

### **6.1 Application**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts:

- (a) at any time upon and after enforcement of the Funding 1 Security without the prior written consent of the Funding 1 Security Trustee; and/or
- (b) under this Clause 6.1 (Application) at any time upon and after an Intercompany Loan Acceleration Notice has been served.

### **6.2 Funding 1 Bank Accounts**

Funding 1 shall at all times during the Funding 1 Security Period:

- (a) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Principal Receipts to Funding 1 under the Mortgages Trust is paid into the Funding 1 GIC Account;
- (b) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Loan Tranche which are to be applied in or towards repayment of another Loan Tranche are, pending such repayment, deposited in the Funding 1 GIC Account; and
- (c) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any Refinancing Distributions to Funding 1 under the Mortgages Trust Deed which are to be applied in or towards repayment of a Loan Tranche (a **Relevant Refinancing Distribution**) shall be paid into the Funding 1 GIC Account.

### **6.3 Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to be applied to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions to be applied to meet Funding 1's payment obligations in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.4 Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.5 Authorised Investments**

- (a) Notwithstanding Funding 1 Security but subject to Clause 6.1 (Application), the Cash Manager, on behalf of Funding 1, may withdraw amounts standing to the credit of Funding 1 Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Agreement and the Cash Management Agreement. All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 Transaction Account.
- (b) Notwithstanding the Funding 1 Security, the Cash Manager, on behalf of Funding 1, may sell or redeem or otherwise dispose of any Authorised Investments on any day prior to the enforcement of the Funding 1 Security subject to the terms and conditions of this Deed and the Cash Management Agreement.



## **6.6 Enforcement When Not All Amounts Due and Payable**

If the Funding 1 Security Trustee enforces the Funding 1 Security at a time when either no amounts or not all amounts owing in respect of the Funding 1 Secured Obligations have become due and payable, the Funding 1 Security Trustee (or a Receiver) may, for so long as no such amounts or not all such amounts have become due and payable, pay any monies referred to in Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein into, and retain such monies in, an interest-bearing account (a **retention account**) to be held by it as security and applied by it in accordance with Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein as and when any of the amounts referred to therein become due and payable.

## **7. PAYMENTS OUT OF FUNDING 1 ACCOUNTS UPON ACCELERATION**

### **7.1 Priorities of Payment – after service of an Intercompany Loan Acceleration Notice**

All monies received or recovered following service of an Intercompany Loan Acceleration Notice shall be applied by the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee (or a Receiver appointed on its behalf) (save to the extent required otherwise by law) in the order of priority set out in Part 3 of Schedule 4 (Funding 1 Priority of Payments).

### **7.2 Application of Monies Received after service of an Intercompany Loan Acceleration Notice**

Each Funding 1 Secured Creditor undertakes to pay to the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee or the Receiver, as the case may be, all monies received or recovered by it (including by way of set-off or otherwise) subsequent to the service of an Intercompany Loan Acceleration Notice in order that such amounts can be applied in accordance with Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice).

## **8. ENFORCEMENT BY THE FUNDING 1 SECURITY TRUSTEE**

### **8.1 Mandatory enforcement**

- (a) Subject to Clause 8.2 (Administrative receiver), the Funding 1 Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights, powers, discretions, authorities, duties and/or functions (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested or making any determination) and/or to take any other action under or in connection with any Funding 1 Agreement (including, without limitation, enforcing the Funding 1 Security) unless the Funding 1 Security Trustee:
  - (i) has been indemnified and/or secured to its satisfaction against all liabilities, cost, expenses, losses, claims and charges to which it may render itself liable or which it may incur by so doing and, for this purpose, the Funding 1 Security Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it; and
  - (ii) is directed to do so by:
    - (A) the Issuer Security Trustee; or

- (B) if there is no outstanding Loan Tranche under the Intercompany Loan, the Funding 1 Secured Creditor that ranks highest in the order of priority of payment set out in Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice),

(in each case, the **Instructing Party**), in which case the Funding 1 Security Trustee will be bound to take such action in the manner instructed by the Instructing Party, provided that the Funding 1 Security Trustee may at all times, whether or not so instructed, take such action in respect of any right, power or discretion which is personal to the Funding 1 Security Trustee or is to preserve or protect the Funding 1 Security Trustee's position or is of a purely administrative nature.

- (b) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with any instructions received pursuant to paragraph (a) above. The Funding 1 Security Trustee shall be entitled to seek clarification from the relevant Instructing Party with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from such relevant Instructing Party and shall not be liable to any person for any loss occasioned thereby.
- (c) Upon being directed by the Issuer Security Trustee to enforce the Funding 1 Security in accordance with paragraph (a) above, the Funding 1 Security Trustee will notify Funding 1 and the Funding 1 Secured Creditors of such direction.

## 8.2 Administrative receiver

- (a) Notwithstanding any term of this Deed, subject to paragraph (b) below, the Funding 1 Security Trustee must enforce the Funding 1 Security by appointing an administrative receiver in respect of Funding 1 if it has actual notice of:
  - (i) an application for the appointment of an administrator in respect of Funding 1; or
  - (ii) the giving of a notice of intention to appoint an administrator in respect of Funding 1,

and that appointment shall take effect not later than the final day by which it must take effect in order to prevent an administration proceeding.

- (b) The Funding 1 Security Trustee is not liable for any failure to appoint or delay in appointing an administrative receiver in respect of Funding 1, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt:
  - (i) nothing in this Clause 8.2 (Administrative receiver) shall be construed so as to impose on the Funding 1 Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to this Clause 8.2 (Administrative receiver) except to the extent of (and from) the cash and assets comprising the Funding 1 Security held by the Funding 1 Security Trustee at such time;
  - (ii) the Funding 1 Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an administrative receiver on the terms as to indemnification referred to in paragraph (b)(i) above; and
  - (iii) subject to Clause 13.1(d), the Funding 1 Security Trustee shall be indemnified and/or secured in accordance with the provisions of this Deed.

- (c) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with paragraph (a) above.
- (d) Funding 1 hereby waives any claims against the Funding 1 Security Trustee in respect of any appointment made pursuant to this Clause 8.2 (Administrative receiver).

## **9. ENFORCEMENT OF FUNDING 1 SECURITY**

### **9.1 General**

- (a) For the purposes of all powers implied by statute, Funding 1 Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the 1925 Act (restricting the power of sale), Section 93 of the 1925 Act (restricting the right of consolidation) and Sections 20 and 17 of the 1881 Act do not apply to the Security Interests comprised in Funding 1 Security.

### **9.2 Intercompany Loan Acceleration Notice**

The Funding 1 Security will become immediately enforceable upon the service of an Intercompany Loan Acceleration Notice or, if there is no outstanding Loan Tranche under the Intercompany Loan, upon notice given to the Funding 1 Security Trustee by a Funding 1 Secured Creditor of failure by Funding 1 to pay any other Funding 1 Secured Obligation on its due date (subject to any applicable grace period).

### **9.3 Privileges**

The Funding 1 Security Trustee and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the 1925 Act and the 1881 Act on mortgagees and receivers duly appointed under the 1925 Act, except that Section 103 of the 1925 Act and Section 20 of the 1881 Act do not apply.

### **9.4 Power of sale**

The power of sale and other powers conferred by Section 101 of the 1925 Act, Section 19 of the 1881 Act and Section 4 of the 1911 Act as extended and varied by this Deed, will be immediately exercisable at any time after the Funding 1 Security has become enforceable.

### **9.5 Extension of the 1925 Act**

- (a) The statutory powers of leasing conferred on the Funding 1 Security Trustee are extended so as to authorise the Funding 1 Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Funding 1 Security Trustee may think fit and without the need to comply with any provision of Section 99 or 100 of the 1925 Act, Section 18 of the 1881 Act or Section 3 of the 1911 Act.
- (b) The statutory powers of sale and the other powers conferred on the Funding 1 Security Trustee by Section 101(1) and (2) of the 1925 Act, Section 19 of the 1881 Act and Section 4(1) of the 1911 Act are extended so as to authorise the Funding 1 Security Trustee (upon such terms as the Funding 1 Security Trustee may think fit and in accordance with the terms of this Deed) to:

- (i) make demand in the name of the other Funding 1 Secured Creditors or in its own right for any moneys and liabilities in respect of the Funding 1 Charged Property; and
- (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 11 (Powers of Receiver) herein as if each of them was expressly conferred on the Funding 1 Security Trustee by this Deed.

#### **9.6 Mortgagee in possession**

- (a) Neither the Funding 1 Security Trustee nor any Receiver will be liable, by reason of Funding 1 Security or entering into possession of any Funding 1 Charged Property, to account as mortgagee or security holder in possession or for any loss on realisation or for any default or omission for which a mortgagee or security holder in possession might be liable.
- (b) Each of the Funding 1 Security Trustee, the other Funding 1 Secured Creditors and any Receiver will not take any action (other than, in the case of the other Funding 1 Secured Creditors, with the Funding 1 Security Trustee's prior written consent) which would be likely to lead to the Funding 1 Security Trustee or the other Funding 1 Secured Creditors becoming a mortgagee or security holder in possession in respect of any Funding 1 Charged Property.

#### **9.7 Protection of third parties**

No person (including a purchaser) dealing with the Funding 1 Security Trustee or any Receiver or its or his agents will be concerned to enquire:

- (a) whether the Funding 1 Secured Obligations remain outstanding or have become payable;
- (b) whether any power which the Funding 1 Security Trustee or that Receiver is purporting to exercise has become exercisable or is being properly exercised; or
- (c) how any money paid to the Funding 1 Security Trustee or to that Receiver is to be applied,

and the protections afforded to purchasers from a mortgagee by Sections 104 and 107 of the 1925 Act and Sections 21 and 22 of the 1881 Act and to persons dealing with an administrative receiver by Section 42(3) of the Insolvency Act 1986 will apply.

#### **9.8 Contingencies**

If the Funding 1 Security is enforced at a time when no amount is due in respect of the Funding 1 Secured Obligations or any of Funding 1 Secured Obligations are contingent or future, the Funding 1 Security Trustee or any Receiver may pay the proceeds of any recoveries effected by it into any interest-bearing account to be held by it as security and applied in accordance with the terms and conditions of this Deed and the Cash Management Agreement.

#### **9.9 Disposal of Funding 1 Charged Properties**

Notwithstanding the foregoing provisions of this Clause 9, if the Funding 1 Security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of any AAA Loan Tranche, the Funding 1 Security Trustee will not be entitled to dispose of all or part of the Funding 1 Charged Property unless either:

- (a) the Funding 1 Security Trustee shall have been advised by a financial adviser or such other professional adviser selected by it (whose advice or opinion shall be conclusive and binding) that a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing under all AAA Loan Tranches of the Issuer and all prior ranking amounts due by Funding 1 in accordance with the Funding 1 Priorities of Payments; and
- (b) the Funding 1 Security Trustee is of the sole opinion, which shall be binding on the Funding 1 Secured Creditors, reached after considering at any time and from time to time the advice of any financial or such other professional advisers selected by the Funding 1 Security Trustee in its absolute discretion (acting reasonably) for the purpose of giving such advice, that the cash flow prospectively receivable by Funding 1 will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of Funding 1, to discharge in full in due course all amounts owing in respect of each AAA Loan Tranche and all prior ranking amounts due by Funding 1.

The fees and expenses of the aforementioned financial adviser or such other professional adviser selected by the Funding 1 Security Trustee shall be paid by Funding 1.

#### **9.10 Scottish Trust Property**

Without prejudice to the provisions of this Clause 9 (Enforcement of Funding 1 Security) and Clause 19 (Directions from Beneficiaries) of the Mortgages Trust Deed, Funding 1 and the Mortgages Trustee hereby undertake to the Funding 1 Security Trustee that if at any time after the Funding 1 Security shall have become enforceable and the Funding 1 Security Trustee or any Receiver shall so require, they will join together in directing the Seller to sell or dispose of all or any part of the Scottish Trust Property on terms previously approved by the Funding 1 Security Trustee and/or in causing the trusts constituted by any Scottish Declaration of Trust to be wound up or performed and they will take all such actions and execute all such documents as may be necessary to effect such sale or disposal or winding-up or performance and the distribution or transfer of the Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust, the Mortgages Trust Deed and this Deed. The Seller and the Mortgages Trustee hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust.

### **10. RECEIVER**

#### **10.1 Appointment of Receiver**

- (a) Except as provided below, the Funding 1 Security Trustee may appoint any one or more persons to be a Receiver of all or any part of Funding 1 Charged Property if the Funding 1 Security has become enforceable.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the 1925 Act and sections 24(6) and (8) of the 1881 Act) does not apply to this Deed.
- (d) The Funding 1 Security Trustee is not entitled to appoint a Receiver solely as a result of:
  - (i) the obtaining of a moratorium; or

- (ii) anything done with a view to obtaining a moratorium,

under Section 1A of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 2002 (if appropriate).

## **10.2 Removal**

The Funding 1 Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated. The Funding 1 Security Trustee may apply to the court for an order removing an administrative receiver.

## **10.3 Remuneration**

The Funding 1 Security Trustee may fix the remuneration of any Receiver appointed by it and the maximum rate specified in Section 109(6) of the 1925 Act and Section 24 of the 1881 Act will not apply. Funding 1 will pay the remuneration of any Receiver in accordance with the terms and in the manner agreed from time to time between the relevant Receiver and the Funding 1 Security Trustee, subject to the terms and conditions of this Deed.

## **10.4 Agent of Funding 1**

- (a) A Receiver will be deemed to be the agent of Funding 1 for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the 1925 Act, the 1881 Act or the 1911 Act. Funding 1 alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) If a liquidator of Funding 1 is appointed, the Receiver will act as principal and not as agent of the Funding 1 Security Trustee.
- (c) The Funding 1 Security Trustee will not incur any liability (either to Funding 1 or to any other person) by reason of the appointment of a Receiver.

## **10.5 Relationship with Funding 1 Security Trustee**

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after Funding 1 Security becomes enforceable be exercised by the Funding 1 Security Trustee in relation to any Funding 1 Charged Property without first appointing a Receiver and notwithstanding the appointment of a Receiver.

# **11. POWERS OF RECEIVER**

## **11.1 General**

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause 11 (Powers of Receiver) in addition to those conferred on it by any law; this includes:
  - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate); and

- (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the 1925 Act or the 1881 Act and the 1911 Act (if appropriate) and the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate).

- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

## **11.2 Possession**

A Receiver may take immediate possession of, get in and collect any Funding 1 Charged Property.

## **11.3 Carry on business**

A Receiver may carry on any business of Funding 1 in any manner he thinks fit.

## **11.4 Employees**

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by Funding 1.

## **11.5 Borrow money**

A Receiver may raise and borrow money either unsecured or on the security of any Funding 1 Charged Property either in priority to the Funding 1 Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

## **11.6 Sale of assets**

- (a) A Receiver may sell, exchange, convert into money and realise any Funding 1 Charged Property by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Funding 1.

## **11.7 Leases**

A Receiver may let any Funding 1 Charged Property for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Funding 1 Charged Property on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

## **11.8 Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Funding 1 or

relating in any way to any Funding 1 Charged Property, provided that, any such claim has priority to or ranks *pari passu* with this Deed.

#### **11.9 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Funding 1 Charged Property which he thinks fit.

#### **11.10 Receipts**

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Funding 1 Charged Property.

#### **11.11 Subsidiaries**

A Receiver may form a Subsidiary of Funding 1 and transfer to that Subsidiary any Funding 1 Charged Property.

#### **11.12 Delegation**

A Receiver may delegate his powers in accordance with this Deed.

#### **11.13 Lending**

A Receiver may lend money or advance credit to any customer of Funding 1.

#### **11.14 Protection of assets**

A Receiver may:

- (a) effect any repair or insurance and do any other act which Funding 1 might do in the ordinary conduct of its business to protect or improve any Funding 1 Charged Property;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

#### **11.15 Uncalled capital**

A Receiver may call up or require the directors of Funding 1 to call up any uncalled capital of Funding 1.

#### **11.16 Payment of expenses**

A Receiver may pay and discharge, out of the profits and income of Funding 1 Charged Property and any moneys made by it in carrying on the business of Funding 1, the expenses incurred by it in connection with the carrying on and management of that business or in the exercise of any of the powers conferred by this Clause 11 (Powers of Receiver) or otherwise in respect of any Funding 1 Charged Property and all other expenses which it shall think fit to pay and will apply the residue of those profits and income in accordance with the terms and conditions of this Deed.



## **11.17 Other powers**

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Funding 1 Charged Property or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Funding 1 Charged Property all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Funding 1 Charged Property; and
- (c) use the name of Funding 1 for any of the above purposes.

## **12. MODIFICATION, AUTHORISATION, WAIVER AND CONSENT**

### **12.1 Modification**

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee may, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required), concur with Funding 1 or any other person in making or giving its consent to any modification to any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise with the prior consent of all of the Funding 1 Secured Creditors.
- (b) Subject to paragraph (c) below, the Funding 1 Security Trustee shall, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required) be required to concur with Funding 1 or any other person in making or giving its consent to any modification (other than a Basic Terms Modification which shall require the approval of Noteholders by way of Extraordinary Resolution) to any Funding 1 Agreement or the Master Definitions and Construction Schedule that are requested by Funding 1 or the Cash Manager, provided that Funding 1 or the Cash Manager, as the case may be, has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to accommodate:
  - (i) Notes to be issued and/or Loan Tranches to be made available by the Issuer to Funding 1 under the Intercompany Loan Agreement;
  - (ii) the entry into by Funding 1 or any Further Funding Company of any New Intercompany Loan Agreement or the issue of New Notes by the Issuer or any New Funding 1 Issuer;
  - (iii) the addition of other relevant Funding 1 Secured Creditors and/or Issuer Secured Creditors and/or New Issuers and/or Further Funding Companies to the Transaction Documents;
  - (iv) the assignment of New Loan Types or their Related Security to the Mortgages Trustee;
  - (v) the inclusion of a New Beneficiary as a beneficiary of the Mortgages Trust;

- (vi) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in paragraphs (i) and (ii) above;
  - (vii) changes to the General Reserve Fund Required Amount and/or any additional amounts for the purposes of an Arrears or Step-Up Trigger Event and/or the Liquidity Reserve Fund Required Amount and/or the manner in which such amounts are funded;
  - (viii) the establishment of the Funding 1 Liquidity Facility; and/or
  - (ix) changes to be made to the definitions of Asset Trigger Event and Non-Asset Trigger Event.
- (c) The Funding 1 Security Trustee shall only be required to agree or consent to the modifications set out in paragraph (b) above if the Funding 1 Security Trustee is satisfied that:
- (i) in respect of the matters set out in paragraphs (b)(i), (iv) and (v), Funding 1 or the Cash Manager has certified to the Funding 1 Security Trustee that the conditions precedent to:
    - (A) Notes being issued by the Issuer and/or Loan Tranches being made available to Funding 1 (as set out in Condition 15 and Clause 3 of the Intercompany Loan Agreement);
    - (B) the assignment of New Loans to the Mortgages Trustee (as set out in Clause 4 of the Mortgage Sale Agreement);
    - (C) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in Clause 17 of the Mortgages Trust Deed),
 have been satisfied; and
  - (ii) in respect of the matters set out in paragraphs (b)(i) to (b)(ix) inclusive, the Funding 1 Security Trustee has received written confirmation from each of the Rating Agencies that the relevant modifications will not result in a reduction, qualification or withdrawal of the current ratings of the Notes (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time and that, pursuant to Condition 16 of the Issuer Notes, the confirmation of one of the Rating Agencies may be sufficient for such purpose in respect of the Issuer Notes).
- (d) Each Funding 1 Secured Creditor hereby acknowledges that the Funding 1 Security Trustee is required to make the modifications set out in paragraph (b) above (subject to paragraph (c)), and each Funding 1 Secured Creditor further acknowledges that such modifications may adversely affect the manner in which the Mortgages Trustee allocates monies to Funding 1 and/or the amount of monies available to Funding 1 to meet the Funding 1 Secured Obligations. Each Funding 1 Secured Creditor agrees that such modifications shall be binding on it and unless the Funding 1 Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Funding 1 Secured Creditors as soon as practicable after the modifications have been made.
- (e) Each of the Funding 1 Secured Creditors agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other documents and instruments (to the extent that the Funding 1 Security Trustee is a party thereto, in form

and substance satisfactory to it) as may be required by law or necessary to give effect to the intent and purpose of this Clause 12.1 (Modification).

## **12.2 Authorisation or waiver**

The Funding 1 Security Trustee shall waive or authorise (without prejudice to its rights in respect of any further or other breach) any breach or proposed breach by Funding 1 or any other person of any of the covenants or provisions of any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.3 Requests for consent or approval**

If a request is made to the Funding 1 Security Trustee by Funding 1 or any other person to give its consent or approval to any event, matter or thing, then:

- (a) if any Funding 1 Agreement specifies that the Funding 1 Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied in relation to that event, matter or thing, then the Funding 1 Security Trustee will give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied; and
- (b) in any other case, the Funding 1 Security Trustee shall give its consent or approval to that event, matter or thing only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.4 Binding on Funding 1 Secured Creditors**

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) will be binding on all of the Funding 1 Secured Creditors.

## **12.5 Additional terms and conditions**

- (a) Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) may be made or given on such terms and subject to such conditions (if any) as the Issuer Security Trustee may direct, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.6 Notice to Funding 1 Secured Creditors**

If required by the Funding 1 Security Trustee, Funding 1 will as soon as practicable notify each of the other Funding 1 Secured Creditors in accordance with this Deed of any modification, authorisation or, waiver or consent made under this Clause 12 (Modification, Authorisation, Waiver and Consent).

# **13. ADDITIONAL PROVISIONS REGARDING THE FUNDING 1 SECURITY TRUSTEE**

## **13.1 Incorporation of Note Trust Deed provisions**

- (a) Without prejudice to the other provisions of this Deed and except as set out below, the following Clauses of the Note Trust Deed are incorporated in and will apply, *mutatis*

*mutandis*, to this Deed (and for that purpose references in that Clause to "these presents" or to "this Deed" will be construed as references to this Deed and references in that Clause to "the Note Trustee" will be construed as references to the Funding 1 Security Trustee):

- (i) Clause 16 (Remuneration and Indemnification of the Note Trustee);
  - (ii) Clause 17 (Supplement to Trustee Acts) (other than subclauses (d), (h), (p), (r) and (t));
  - (iii) Clause 18 (Note Trustee's liability);
  - (iv) Clause 19 (Note Trustee Contracting with the Issuer);
  - (v) Clause 23 (New Note Trustee);
  - (vi) Clause 24 (Note Trustee's Retirement and Removal); and
  - (vii) Clause 25 (Note Trustee's Powers to be Additional).
- (b) Reference in the clauses of the Note Trust Deed identified in subclause (a) above to:
- (i) "Issuer" will be construed as references to "Funding 1" and in the case of Clause 17(b) of the Note Trust Deed the reference to the "Issuer" shall be retained and be deemed to include a reference to "Funding 1";
  - (ii) "Note Event of Default" will be construed as references to "Intercompany Loan Event of Default";
  - (iii) "Noteholders" will be construed as references to "Funding 1 Secured Creditors";
  - (iv) "Issuer Charged Property" will be construed as references to "Funding 1 Charged Property";
  - (v) "Issuer Transaction Documents" will be construed as references to "Funding 1 Agreements"; and
  - (vi) "Issuer Deed of Charge" will be construed as references to "Funding 1 Deed of Charge".
- (c) Clause 15 (Remuneration and Indemnification of the Note Trustee) of the Note Trust Deed will be amended so that:
- (i) the last sentence of clause 15.1 is deleted and replaced by the following:

"Such remuneration shall accrue from day to day and be payable up to and including the date when Funding 1 Security Period has expired and the Funding 1 Security Trustee has released, reassigned and/or discharged Funding 1 Charged Property from Funding 1 Security as provided under this Deed.";
  - (ii) each of the references to the Note Trustee in clauses 15.5, 15.6 and 15.7 include a reference to any Receiver appointed by the Funding 1 Security Trustee; and
  - (iii) the references to "Series and Class of Notes" and "Notes of any Series and Class" in clause 15.8 shall be replaced by "Loan Tranche".

- (d) The following words shall be added to the end of clause 16.9 before the final full stop:

", provided that if the Funding 1 Security Trustee is required to appoint an administrative receiver pursuant to clause 8.2 (Administrative receiver) of Funding 1 Deed of Charge, the Funding 1 Security Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against Funding 1 under Funding 1 Deed of Charge and the security that it has in respect of such rights but otherwise without limitation to its right of indemnity and/or security under this Deed."

### **13.2 No transfer of obligations**

Notwithstanding anything else in this Deed, the Funding 1 Security Trustee does not assume and will not be obliged to perform any obligations of any other party to this Deed.

### **13.3 No obligation to insure**

The Funding 1 Security Trustee shall not be under any obligation to insure in respect of any of Funding 1 Charged Property or to require any other person to maintain any such insurance.

### **13.4 Additional Funding 1 Security Trustee provisions**

- (a) The Funding 1 Security Trustee shall be under no obligation to monitor or supervise the functions of the Servicer under the Servicing Agreement or any other Transaction Document or the Cash Manager under the Cash Management Agreement or any other Transaction Document or the Mortgages Trustee Account Bank or the Funding 1 Account Bank under the Mortgages Trustee Account Bank Agreement and the Funding 1 Account Bank Agreement respectively or any other Transaction Agreement or of any other person under or pursuant to any of the Transaction Documents.
- (b) Funding 1 shall provide to the Funding 1 Security Trustee such information as it shall reasonably request in writing to enable it to perform its functions as Funding 1 Security Trustee under the Funding 1 Agreements.
- (c) The Funding 1 Security Trustee shall not be liable to Funding 1 for acting on the request, direction or instruction of the Issuer Security Trustee or any Funding 1 Secured Creditor.
- (d) The Funding 1 Security Trustee shall not be obliged to monitor compliance by the Seller with the Representations and Warranties or to ascertain whether or not any such of the Representations and Warranties is true, accurate or complete.
- (e) The Funding 1 Security Trustee shall be entitled to assume that each of Funding 1, the Seller, the Mortgages Trustee and the Issuer is complying with their respective obligations under the Transaction Documents unless it has actual knowledge to the contrary.
- (f) The Funding 1 Security Trustee shall be entitled to rely (without further investigation or inquiry) upon any document, reasonably believed by it to be genuine, provided to it by Funding 1, the Mortgages Trustee or the Cash Manager in respect of every matter and circumstances prima facie within the knowledge of Funding 1, the Mortgages Trustee or the Cash Manager and the Funding 1 Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused by it failing to do so.
- (g) The Funding 1 Security Trustee may provide information to the Issuer Security Trustee under the Issuer Deed of Charge and to the Note Trustee under the Note Trust Deed.

- (h) The Funding 1 Security Trustee shall be entitled to rely on any certificate addressed to it whether in its capacity as Funding 1 Security Trustee under this Deed, as Issuer Security Trustee under the Issuer Deed of Charge or as Note Trustee under the Note Trust Deed and may rely on information provided to it in any such capacity.
- (i) The Funding 1 Security Trustee, if not the same as the Note Trustee and/or the Issuer Security Trustee, shall provide the Note Trustee and the Issuer Security Trustee with any information that either or both of them reasonably require.
- (j) The Funding 1 Security Trustee, if not the same as the Issuer Security Trustee and/or the Note Trustee, shall notify the Note Trustee and/or the Issuer Security Trustee of any breach of any provisions of this Deed or the Funding 1 Agreements and any event of which it has knowledge which would or may result in this Deed or the Funding 1 Security created thereby becoming enforceable.
- (k) Nothing in this Deed shall preclude the Issuer Security Trustee, the Note Trustee and the Funding 1 Security Trustee from exchanging information.

### 13.5 The Trustee

- (a) Law Debenture Trust Company of New York (the **Initial Trustee**) is acting as Note Trustee under the Note Trust Deed and as Issuer Security Trustee under the Issuer Deed of Charge and as Funding 1 Security Trustee under this Deed (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Clause 13.5 as the **Trustee**). No entity may act as a trustee in any such capacity unless it is also the Trustee in all such capacities or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more of such capacities. In any capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.
- (b) Neither the Initial Trustee nor any of its successors has any responsibility to Noteholders, the Issuer Secured Creditors or the Funding 1 Secured Creditors for the validity, sufficiency or enforceability of the Issuer Security and the Funding 1 Security (which the Initial Trustee has not investigated) and shall accept such title and interest as any chargor or mortgagor has without responsibility for investigating the same or any defect there may be therein. Neither the Initial Trustee nor any of its successors are responsible for monitoring the performance by any person of its obligations to the Issuer, Funding 1 or any other person and each may assume until it has actual knowledge to the contrary that such obligations are being duly performed.

## 14. FUNDING 1 SECURITY POWER OF ATTORNEY

Immediately upon execution of this Deed, Funding 1 will execute and deliver to the Funding 1 Security Trustee the Funding 1 Security Power of Attorney. The Funding 1 Security Trustee confirms that it may exercise the powers conferred under the Funding 1 Security Power of Attorney if:

- (a) the Funding 1 Security has become enforceable;
- (b) it considers such action necessary for the protection or preservation of the Attorney's (as defined in the Funding 1 Security Power of Attorney) interests and rights in and to the Funding 1 Charged Property; and/or

- (c) it considers such action ought to be done under the covenants, undertakings and provisions contained in this Deed.

## **15. FURTHER ASSURANCES**

Funding 1 must, at its own expense, take whatever action the Funding 1 Security Trustee or a Receiver may require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or
- (b) facilitating the realisation of any Funding 1 Charged Property, or the exercise of any right, power or discretion exercisable, by the Funding 1 Security Trustee or any Receiver or any of its delegates or sub-delegates in respect of any Funding 1 Charged Property.

This includes:

- (i) the execution of any transfer, conveyance, assignment, assignation or assurance of any property, whether to the Funding 1 Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Funding 1 Security Trustee may think expedient.

## **16. ADDITIONAL PROVISIONS RELATING TO FUNDING 1 SECURITY**

### **16.1 Continuing Security**

Funding 1 Security will remain in force as continuing security for Funding 1 Secured Obligations notwithstanding any settlement of account or the existence at any time of a credit balance on any Funding 1 Account or other account or any other act, event or matter.

### **16.2 No merger**

Funding 1 Security is in addition to, and will not be merged in, or in any way exclude or prejudice any other Security Interest or other right which the Funding 1 Security Trustee or any other Funding 1 Secured Creditor may now or at any time have (or would apart from Funding 1 Security have) as regards Funding 1 or any other person in respect of the Funding 1 Secured Obligations.

### **16.3 Avoidance of security or payment**

- (a) If an amount paid to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors under a Funding 1 Agreement is capable of being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (b) Any settlement, discharge or release between Funding 1 and the Funding 1 Security Trustee (or any Receiver) will be conditional upon no security or payment granted or made to the Funding 1 Security Trustee (or any Receiver, as the case may be) by Funding 1 or any other person being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force.
- (c) If any security or payment is avoided or reduced in the circumstances described in paragraph (a) above, then the Funding 1 Security Trustee (or any Receiver, as the case may

be) will be entitled to recover the value or amount of such security or payment from Funding 1 as if the relevant settlement, discharge or release had not occurred.

#### **16.4 Retention of Funding 1 Security**

- (a) If the Funding 1 Security Trustee has grounds for believing that Funding 1 may be unable to pay its debts as they fall due as at the date of any payment made by Funding 1 to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors, then the Funding 1 Security Trustee may retain Funding 1 Security until the expiry of a period of (subject to paragraph (b) below) one month plus the statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all the Funding 1 Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Funding 1 Security Trustee on, or as a consequence of, such payment or discharge of liability.
- (b) If, at any time within the period referred to in paragraph (a) above, any person presents a petition, or files documents with a court or any registrar for the winding-up or administration of Funding 1 or any analogous proceedings are commenced by or against Funding 1, the Funding 1 Security Trustee may continue to retain the Funding 1 Security for such further period as it may determine and the Funding 1 Security will be deemed to continue to be held as security for the payment and discharge to the Funding 1 Security Trustee of all of the Funding 1 Secured Obligations.

#### **16.5 Change of name, etc.**

This Deed will remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Funding 1 Security Trustee or Funding 1 or any merger, amalgamation or consolidation by the Funding 1 Security Trustee or Funding 1 with any other corporation.

#### **16.6 Negative pledge**

Funding 1 shall not, save for the Funding 1 Security, or with the prior written consent of the Funding 1 Security Trustee, or unless otherwise permitted under any of Funding 1 Agreements, create or permit to subsist any Security Interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings present or future (including any uncalled capital) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any Security Interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one or a series of transactions) or grant any option or right to acquire any such property, assets or undertaking present or future.

#### **16.7 Funding 1 Accounts**

Funding 1 hereby undertakes that, for so long as any Funding 1 Secured Obligations remain outstanding, it shall not (without the prior written consent of the Funding 1 Security Trustee):

- (a) open or maintain any bank account or deposit account with any bank or any other financial institution other than the Funding 1 Bank Accounts; or
- (b) close the Funding 1 Bank Accounts,

other than in accordance with the Funding 1 Bank Account Agreement and this Deed.



## 16.8 Additional positive covenants

Funding 1 covenants and undertakes with the Funding 1 Security Trustee for the benefit of the Funding 1 Secured Creditors as follows:

- (a) to cause to be prepared and certified by its auditors in respect of each Financial Year accounts in such form as will comply with relevant legal and accounting requirements for the time being;
- (b) at all times to keep or procure the keeping of proper books of account and records as may be necessary to comply with all applicable laws and so as to enable financial statements to be prepared and to allow the Funding 1 Security Trustee and any person or persons appointed by the Funding 1 Security Trustee to whom Funding 1 shall have no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing provided that such inspection shall only be for the purposes of carrying out its duties under this Deed and any information so obtained shall only be used and passed on to any other person for the purpose of the Funding 1 Security Trustee carrying out its duties under this Deed;
- (c) to give notice in writing to the Funding 1 Security Trustee of the occurrence of an Intercompany Loan Event of Default, a Potential Intercompany Loan Event of Default and/or the service of an Intercompany Loan Acceleration Notice (which has not been served by the Funding 1 Security Trustee) (such notice to be effective by the delivery of a copy of the Intercompany Loan Acceleration Notice to the Funding 1 Security Trustee) immediately upon becoming aware thereof and without waiting for the Funding 1 Security Trustee to take any further action;
- (d) give to the Funding 1 Security Trustee (i) within 14 days after demand by the Funding 1 Security Trustee therefore and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each Financial Year and in any event not later than the date required by statute to file or publish (whichever is earlier) such audited accounts after the end of each such Financial Year a certificate signed by two directors of Funding 1 to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) an Intercompany Loan Event of Default or a Potential Intercompany Loan Event of Default (or if such then exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate Funding 1 has complied, to the best of their knowledge and belief, with all its obligations contained in this Deed and each of the other Funding 1 Agreements or (if such is not the case) specifying the respects in which it has not so complied;
- (e) at all times to execute all such further documents and do all such further acts and things as may in the reasonable opinion of the Funding 1 Security Trustee be necessary at any time or times to give effect to the terms and conditions of this Deed and the other Funding 1 Agreements;
- (f) at all times to comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Funding 1 Agreements; and

- (g) duly and promptly to pay and discharge all Taxes imposed upon it or its assets unless such Taxes are, in the opinion of the Funding 1 Security Trustee, being contested in good faith by Funding 1.

## **17. SET-OFF**

- (a) The Funding 1 Security Trustee may at any time following an Intercompany Loan Event of Default (without notice and notwithstanding any settlement of account or other matter):
  - (i) combine or consolidate all or any existing accounts of Funding 1 whether in its own name or jointly with others and held by it or any Funding 1 Secured Creditor;
  - (ii) set-off or transfer all or any part of any credit balance or any sum standing to the credit of any account referred to in paragraph (i) above (whether or not the same is due to Funding 1 from the Funding 1 Security Trustee or relevant Funding 1 Secured Creditor and whether or not the credit balance and the account in debit or the Funding 1 Secured Obligations are expressed in the same currency) in or towards satisfaction of any of the Funding 1 Secured Obligations; and/or
  - (iii) in its discretion, estimate the amount of any liability of Funding 1 which is contingent or unascertained and set-off such estimated amount.
- (b) No amount will be payable by the Funding 1 Security Trustee to Funding 1 unless and until all Funding 1 Secured Obligations have been ascertained and fully repaid or discharged.

## **18. RELEASE**

### **18.1 Upon discharge of Funding 1 Secured Obligations**

At the end of Funding 1 Security Period, the Funding 1 Security Trustee will, at the cost of Funding 1, take whatever action is necessary to release the Funding 1 Charged Property from the Funding 1 Security to, or to the order of, Funding 1.

### **18.2 Authorised Investments**

Upon Funding 1 or the Cash Manager on its behalf making a disposal of an Authorised Investment charged under this Deed and provided that the proceeds of such disposal are paid into the Funding 1 Transaction Account in accordance with the terms of this Deed and the Cash Management Agreement, such Authorised Investment will be deemed to be released from the Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1 take whatever action is necessary to release that Authorised Investment from the Funding 1 Security.

### **18.3 Trust Property**

Upon the repurchase by the Seller from the Mortgages Trustee of any Loan and its Related Security charged under this Deed in accordance with the terms of the Mortgage Sale Agreement, such Loan and its Related Security shall no longer form part of the Trust Property (or, in the case of any Scottish Loan and its Related Security, the Scottish Trust Property in accordance with Clause 8 (Termination of Trust) of the relevant Scottish Declaration of Trust) and shall be released from the Funding Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1, take whatever action is necessary to release that Loan and its Related Security from the Funding 1 Security.

#### **18.4 Funding 1 Accounts**

For the avoidance of doubt, all amounts which the Cash Manager (on behalf of Funding 1 and, following service of a Loan Acceleration Notice if the Cash Manager is appointed as agent of the Funding 1 Security Trustee, the Funding 1 Security Trustee or its appointee) is permitted to withdraw from the Funding 1 Transaction Account pursuant to Clause 6.2 (Funding 1 Bank Accounts), Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration) or Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration) will be deemed to be released from the Funding 1 Security upon the relevant withdrawal provided that, where the relevant amount is transferred to another Funding 1 Account, it will become subject to the Funding 1 Security in respect of that other Funding 1 Account.

#### **18.5 No liability for loss**

The Funding 1 Security Trustee will not be liable to Funding 1 or any other person for any loss, costs, claims or liabilities arising in connection with its acting upon a request made under this Clause 18 (Release) and/or any release made under this Clause 18 (Release).

### **19. FUNDING 1 REPRESENTATIONS**

#### **19.1 Title**

Funding 1 represents to the Funding 1 Security Trustee that it is the beneficial owner of the Funding 1 Charged Property and the Funding 1 Charged Property is free of any Security Interests (except for those created by or under this Deed) and any other rights or interests (including any licences) in favour of third parties.

#### **19.2 No restriction**

Funding 1 represents to the Funding 1 Security Trustee that as at the Initial Closing Date none of its property, assets and/or undertaking are subject to any restriction (whether contractual or otherwise) that may render the Security Interests granted by Funding 1 under this Deed ineffective or which otherwise prohibit the grant of such Security Interests.

#### **19.3 Steps taken**

Funding 1 represents to the Funding 1 Security Trustee that it has taken all necessary steps to enable it to create the Funding 1 Security in accordance with this Deed and has taken no actions or steps which will or may prejudice its rights, title and interest in, to and under any Funding 1 Charged Property.

#### **19.4 Funding 1 Agreements**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) each Funding 1 Agreement is its legally binding, valid, and enforceable obligation;
- (b) it is not in default of any of its obligations under any Funding 1 Agreement;
- (c) there is no prohibition on assignment in any Funding 1 Agreement; and
- (d) its entry into and performance of this Deed will not conflict with any term of any Funding 1 Agreement.

### **19.5 Nature of security**

Funding 1 represents to the Funding 1 Security Trustee that this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on its liquidation or administration or otherwise, except that Security Interests expressed to be fixed may take effect as floating charge security.

### **19.6 United States Activities**

Funding 1 represents to the Funding 1 Security Trustee that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles and will not 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.

### **19.7 Centre of main interests and establishment**

- (a) Funding 1 represents to the Funding 1 Security Trustee that its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and it does not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.
- (b) Funding 1 undertakes to conduct its business and affairs such that, at all relevant times, its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations will be and remain in England and it will not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.

### **19.8 Times for making representations**

- (a) The representations set out in this Deed (including in this Clause 19 (Funding 1 Representations)) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Funding 1 on each date during Funding 1 Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

### **19.9 Funding 1 Profit Amount**

Funding 1 shall consider from time to time the level of the profit made by Funding 1 and if Funding 1 determines that a change in such level is appropriate in all the circumstances, then Funding 1 shall certify, with a copy to the Rating Agencies and the Funding 1 Security Trustee that its tax position shall not be adversely affected thereby.

### **19.10 Funding 1 assets**

Funding 1 represents to the Funding 1 Security Trustee that its assets constitute "financial assets" as defined in the Taxation of Securitisation Companies Regulations 2006 (the **Regulations**).

### **19.11 Retained amounts**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) in respect of each accounting period of Funding 1, the only amounts retained by Funding 1 have been and will be either (i) amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness or (ii) its profit; and
- (b) to the extent that amounts are received by Funding 1 pursuant to any Funding 1 Transaction Document, Funding 1 has and has had a corresponding obligation to pay out an equal amount by way of cost or expense owing to a third party less an amount equal to the Funding 1's profit.

### **19.12 Permanent regime for securitisation companies**

Funding 1 has elected into the permanent regime for securitisation companies established under the Regulations within the requisite time limits therefor and in the form required by the Regulations.

## **20. EVIDENCE OF INDEBTEDNESS**

In any action, proceedings or claim relating to this Deed or the Funding 1 Security, any statement (which will contain information in reasonable detail in support thereof) as to:

- (a) any amount due to any Funding 1 Secured Creditor;
- (b) all or any part of the Funding 1 Secured Obligations; or
- (c) any amounts which have been notified to the Funding 1 Security Trustee as being amounts due to any Funding 1 Secured Creditor,

in each case, which is certified as being correct by an officer of the relevant Funding 1 Secured Creditor will be conclusive evidence that such amount is in fact due and payable.

## **21. RIGHTS CUMULATIVE**

The respective rights of the Funding 1 Security Trustee and any Receiver under this Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

## **22. SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

## **23. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile). This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been executed and delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party hereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## **24. NOTICES**

### **24.1 In writing**

Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post or by fax. Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

### **24.2 Party details**

The contact details of each party to this Deed for all communications in connection with this Deed are those set out below:

- (a) in the case of Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (b) in the case of the Issuer, to Fosse Master Issuer plc, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (c) in the case of the Seller, the Cash Manager, the Funding 1 Swap Provider and the Funding 1 Start-Up Loan Provider, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, c/o Abbey House, (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (d) in the case of the Mortgages Trustee, to Fosse Finance Trustee Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (facsimile number: +44 (0) 1534 609 333) for the attention of Harvey Austin-Vautier;
- (e) in the case of the Corporate Services Provider, to Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0) 20 7398 6325) for the attention of the Directors;
- (f) in the case of each of the Issuer Security Trustee and the Funding 1 Security Trustee, to Law Debenture Trust Company of New York, 767 Third Avenue – 31<sup>st</sup> Floor, New York,

New York 10017 (facsimile number +1 212 750 1361) for the attention of Anthony Bocchino;

- (g) in the case of the Funding 1 Account Bank, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number +44 (0)20 7756 5627) for the attention of the Company Secretary with copies to (i) Abbey National plc, 21 Prescott Street, London E1 8AD (facsimile number 020 76125088) for the attention of Head of Subsidiary Banking and (ii) Abbey National plc, c/o Abbey House (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile no. +44 (0)1908 343 019) for the attention of Securitisation Team, Retail Credit Risk;
- (h) in the case of Moody's, to Moody's Investor Services Limited, One Canada Square, Canary Wharf, London E14 5FA (facsimile number: +44 (0) 20 7772 5400) for the attention of Asset Backed Finance;
- (i) in the case of S&P, to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 20 Canada Square, London, United Kingdom, E14 5LH (facsimile number: +44 (0) 20 7826 3598) for the attention of the Structured Finance Surveillance Group; and
- (j) in the case of Fitch, to Fitch Ratings Ltd., Eldon House, 2 Eldon Street, London EC2M 7UA (facsimile number: +44 (0) 20 7417 6262) for the attention of European Structured Finance.

### **24.3 Changes**

Any party may change its contact details by giving five London Business Days' notice to the other parties.

### **24.4 Effectiveness**

- (a) Except as provided below, any notice in connection with this Deed will be deemed to be given as follows:
  - (i) if delivered in person, at the time of the delivery;
  - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
  - (iii) if by fax, when received in legible form.
- (b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## **25. ASSIGNMENT**

Neither Funding 1 nor any of the Funding 1 Secured Creditors may assign, encumber or transfer all or any part of its rights or benefits and/or transfer its obligations under this Deed without the prior written consent of the Funding 1 Security Trustee, save that the Issuer may assign its rights under this Deed without such consent to the Issuer Security Trustee under the Issuer Deed of Charge.

## **26. LANGUAGE**

- (a) Any notice given in connection with this Deed must be in English.
- (b) Any other document provided in connection with this Deed must be:
  - (i) in English; or
  - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

## **27. LAW AND JURISDICTION**

### **27.1 Governing Law**

This Deed (and any non-contractual obligations out of or in connection with it) shall be governed by, and construed in accordance with, English law (provided that any terms of this Deed which are particular to Scots law shall be construed in accordance with the laws of Scotland and any terms of this Deed which are particular to Northern Irish law shall be construed in accordance with the laws of Northern Ireland).

### **27.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **27.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with any finance document or any transaction contemplated by any finance document. This deed may be filed as a written consent to trial by court.

## **28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **29. EFFECTIVENESS OF EXECUTION**

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding upon Funding 1 and the Funding 1 Security Trustee upon at least once copy of this Deed having been executed and delivered by both Funding 1 and the Funding 1 Security Trustee notwithstanding that any other person expressed to be a party to this Deed has not then executed and delivered this Deed and notwithstanding any such party has executed or executes and has delivered or delivers a counterpart of this Deed.



**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1**

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

Witness's signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )  
 )

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
 )

Witness's signature:

Name:

Address:

**SCHEDULE 1**  
**FORM OF NOTICE OF CHARGE**

From: Fosse Funding (No.1) Limited (Funding 1)

To: [Relevant party name[s]]

Copy: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)

28 November 2006

Dear Sirs,

We hereby give you notice that by a deed of charge dated 28 November 2006 and made between Funding 1, the Funding 1 Security Trustee and others (**Funding 1 Deed of Charge**), Funding 1 charged to the Funding 1 Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the [insert relevant agreement name[s]] dated [insert date] (each as defined in the Master Definitions and Construction Schedule signed on the date thereof by, *inter alios*, Funding 1 and the [relevant party name[s]] and made, in each case, between, amongst others, Funding 1 and the [relevant party name[s]]).

You are authorised and instructed henceforth to deal with the Funding 1 Security Trustee in relation to our rights (but not our obligations) under the [insert relevant agreement name[s]] without further reference to us.

This notice is irrevocable. Please acknowledge receipt of this notice to the Funding 1 Security Trustee on the attached Consent to Charge.

Yours faithfully,

.....  
SFM Directors Limited, as Director  
for and on behalf of  
**FOSSE FUNDING (NO. 1) LIMITED**

**SCHEDULE 2**  
**FORM OF CONSENT TO CHARGE**

From: *[Relevant Party Name[s]]*

To: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)  
Fosse Funding (No. 1) Limited (**Funding 1**)

28 November 2006

Dear Sirs,

We hereby acknowledge receipt of the notice of charge dated 28 November 2006 relating to Funding 1 Deed of Charge (as defined therein) as adequate notice of the charge described therein.

We agree to deal only with the Funding 1 Security Trustee in relation to Funding 1's rights (but not its obligations) under the *[relevant agreement name[s]]* referred to, and as defined in, such notice without any reference to Funding 1.

We have not received from any other person any notice of charge of or any interest in the *[relevant agreement name[s]]*.

Yours faithfully,

.....  
For and on behalf of  
*[Relevant party name]*

.....  
For and on behalf of  
*[Relevant party name]*

### SCHEDULE 3

#### FORM OF ACCESSION DEED

**THIS DEED** is made on [date]

#### BETWEEN

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Account Bank, Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a company incorporated in England and Wales with limited liability (registered number 3853947) and having its registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as **Corporate Services Provider**);
- (6) **FOSSE TRUSTEE LIMITED**, a private limited company incorporated under the laws of Jersey, Channel Islands (registered number 94410), whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (acting in its capacity as **Mortgage Trustee**);
- (7) [any other Funding 1 Secured Creditor.]; and
- (8) [name of the new Funding 1 Secured Creditor] (the **New Funding 1 Secured Creditor**).

#### NOW THIS DEED WITNESSES AS FOLLOWS

#### WHEREAS

- (A) Pursuant to the terms of a [describe agreement] (the **Agreement**) dated [date] made between Funding 1 and the New Funding 1 Secured Creditor, Funding 1 has agreed to [describe nature of the obligations of Funding 1 under the Agreement].
- (B) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in the Funding 1 Deed of Charge to secure Funding 1's obligations to the Funding 1 Secured Creditors.
- (C) The terms of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor thereunder.

- (D) The New Funding 1 Secured Creditor has agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge.
- (E) The Funding 1 Secured Creditors have agreed to enter into this Deed to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Funding 1 Priority of Payments set out in **Part 1, Part 2 and Part 3 of Schedule 4** of the Funding 1 Deed of Charge as are required and any other amendment as may be required to give effect to this Accession Deed.

## 1. INTERPRETATION

The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Funding 1 Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and 21 April 2011) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010 and 21 April 2011) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Accession Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Accession Deed, including the Recitals hereto and this Accession Deed shall be construed in accordance with the interpretation provisions set out in clause 2 of the Master Definitions and Construction Schedule.

## 2. REPRESENTATIONS AND WARRANTIES

The New Funding 1 Secured Creditor hereby represents and warrants to the Funding 1 Security Trustee and each of the Funding 1 Secured Creditors in respect of itself that as of the date of this Deed:

- (a) pursuant to the terms of the Agreement, Funding 1 has agreed to pay to the New Funding 1 Secured Creditor the amount (if any) [*describe in relation to the Agreement*]; and
- (b) the Agreement expressly provides that all amounts due from Funding 1 thereunder are to be secured by the Funding 1 Deed of Charge.

## 3. ACCESSION

- (a) In consideration of the New Funding 1 Secured Creditor being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date of this Deed, the New Funding 1 Secured Creditor:
  - (i) confirms that as from [*date*], it intends to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor;
  - (ii) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto;

- (iii) undertakes to perform comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.6; and
- (iv) agrees that the Funding 1 Security Trustee shall be the Funding 1 Security Trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge.

#### **4. SCOPE OF THE FUNDING 1 DEED OF CHARGE**

Funding 1, the New Funding 1 Secured Creditor and the Funding 1 Security Trustee hereby agree that for relevant purposes under the Funding 1 Deed of Charge and the Master Definitions and Construction Schedule:

- (a) the Agreement shall be treated as a Funding 1 Agreement; and
- (b) the New Funding 1 Secured Creditor shall be treated as a Funding 1 Secured Creditor.

#### **5. AMENDMENT TO THE FUNDING 1 PRIORITY OF PAYMENTS**

The Funding 1 Secured Creditors agree to amend and restate the Funding 1 Priority of Payments set out in Schedule 4 of the Funding 1 Deed of Charge in accordance with Appendix 1 hereto.

#### **6. APPLICATION**

Prior to and following enforcement of the Funding 1 Security all amounts at any time held by Funding 1, the Cash Manager or the Funding 1 Security Trustee in respect of the security created under this Deed shall be held and/or applied by such person subject to and in accordance with the relevant provisions of the Funding 1 Deed of Charge.

#### **7. NOTICES**

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 24 (Notices) of the Funding 1 Deed of Charge to the addresses given in this Clause 7 (Notices) or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing.

The address referred to in this Clause 7 (Notices) for the New Funding 1 Secured Creditor is:

[            ]

For the attention of: [            ]

Telephone: [            ]

Facsimile: [            ]

or such other address and/or numbers as the New Funding 1 Secured Creditor may notify to the parties to the Funding 1 Deed of Charge in accordance with the provisions thereof.

## 8. CHOICE OF LAW

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

**DULY EXECUTED AND DELIVERED AS A DEED** by each of the parties hereto or on its behalf on the date appearing on page 1.

### Funding 1

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Issuer

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED as a DEED by** )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:



**Funding 1 Account Bank Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its attorney in the presence of: )

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Funding 1 Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
)  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
)

Witness's signature:

Name:

Address:

*[insert signature block for New Funding 1 Secured Creditor]*

## **SCHEDULE 4**

### **FUNDING 1 PRIORITY OF PAYMENTS**

#### **PART 1**

#### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

##### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and

- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);

- (q) (to the extent any Rated Notes are outstanding) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) towards a credit to the NR Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (s) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the NR Loan Tranches;
- (t) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (u) towards payment to Funding 1 of an amount equal to the sum of (1) an amount equal to 0.01 per cent. of the Funding 1 Available Revenue Receipts for such Funding 1 Interest Payment Date and (2) an amount equal to the aggregate of 0.01 per cent of the Funding 1 Available Revenue Receipts in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (u) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;
- (v) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements; and
- (w) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## PART 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITIES OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the NR Loan Tranches, in each case subject to Rules (1) and (2) below;
- (j) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (i) inclusive of this priority of payments); and
- (k) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

(A) If on a Funding 1 Interest Payment Date:

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
- (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
- (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof;
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof; and/or
  - (v) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche, any BBB Loan Tranche or any BB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche, BBB Loan Tranche or BB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) and/or (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the NR Loan Tranches will not be entitled to principal repayments under item (i) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;



- (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
- (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;
- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount; and
- (e) for any NR Loan Tranche, the amount of principal due (or any part thereof) in respect of the NR Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount, the Class C Available Subordinated Amount and the Class D Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and

(B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g), (h) and/or (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. **Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date**

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Loan Tranches}}{\text{Aggregate Outstanding Principal Amount of all Loan Tranches}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (k) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

For the avoidance of doubt, principal in respect of Bullet Loan Tranches and Scheduled Amortisation Instalments shall, prior to the occurrence of a Pass-Through Trigger Event (notwithstanding that a Step-Up Date may have occurred in relation to such Bullet Loan Tranche or Scheduled Amortisation Loan Tranche, as applicable), be payable in accordance with paragraphs 1 to 3 above.

#### ***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a

further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche.

## PART 3

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments following an Intercompany Loan Acceleration;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;

- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the NR Loan Tranches;
- (k) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (l) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (m) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements.



## SCHEDULE 5

### FORM OF FUNDING 1 SECURITY POWER OF ATTORNEY

**THIS POWER OF ATTORNEY** is made on 28 November 2006 by **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696) whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Principal**).

#### WHEREAS:

- (1) By virtue of a deed of charge (the **Funding 1 Deed of Charge**) dated 28 November 2006 between, *inter alios*, the Principal, the Issuer, the Funding 1 Security Trustee, the Issuer Security Trustee, the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider, the Funding 1 Start-Up Loan Provider, the Corporate Services Provider and the Mortgages Trustee, (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney.
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Funding 1 Deed of Charge.

#### NOW THIS POWER OF ATTORNEY WITNESSETH:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Funding 1 Deed of Charge appoints Law Debenture Trust Company of New York and any other person or persons for the time being the security trustee or security trustees of and under the Funding 1 Deed of Charge (the **Attorney**) and any receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case bona fide necessary for the protection or preservation of the Attorney's interests and rights in and to the Funding 1 Charged Property or which ought to be done under the covenants, undertakings and provisions contained in the Funding 1 Deed of Charge on or at any time after the service of an Intercompany Loan Acceleration Notice or in any other circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9.4 (Power of sale) to 9.10 (Scottish Trust Property) (inclusive) of the Funding 1 Deed of Charge including (without limitation) any or all of the following:
  - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Funding 1 Security and/or the Funding 1 Charged Property or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done; and
  - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Funding 1 Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefor.

2. In favour of the Attorney, any Receiver and/or Administrator and/or Substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a Substitute in the purported exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns.
3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or Substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.
4. The provisions of Clause 3 shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney.
5. The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or Substitute carried out or purported to be carried out under the terms hereof.
6. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or Substitute shall properly and lawfully do or cause to be done in and concerning the Funding 1 Security Trustee's, the Funding 1 Security and/or the Funding 1 Charged Property.

**IN WITNESS WHEREOF** this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written.

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**EXECUTED VERSION**

# **FOURTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 27 APRIL 2012**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider and Funding 1 Account Bank)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS FOURTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 27 April 2012

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Funding 1 Account Bank**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010 and 21 April 2011) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) On 23 November 2009, Santander UK PLC replaced Alliance & Leicester plc as the Funding 1 Account Bank and acceded to the Existing Funding 1 Deed of Charge in such capacity.
- (D) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

- 1.1** The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, novated, varied or, supplemented and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2** This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- 1.3** On and from the Part VII Effective Date, the Existing Funding 1 Deed of Charge shall be construed as if Santander UK had always been a party to it instead of Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider. Accordingly, on and from the Part VII Effective Date, all rights, liabilities, obligations, powers, trusts, authorities, duties and discretions exercised or performed (or exercisable or performable) by Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider under the Existing Funding 1 Deed of Charge prior to the Part VII Effective Date are deemed to have been exercised or performed (or to have been exercisable or performable) by Santander UK. However, the foregoing shall not apply to the extent inconsistent with the Part VII Scheme or to create or diminish any rights, liabilities, obligations, powers, trusts, authorities, duties or discretions or to create or diminish any other assets and liabilities (as to be defined in the Part VII Scheme) otherwise than as provided for in the Part VII Scheme.

**2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

With effect from the date hereof the Existing Funding 1 Deed of Charge is modified in such manner as would result in the Existing Funding 1 Deed of Charge as so modified being in the form set out in the Appendix 1 to this Deed.

**3. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

#### **4. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

#### **5. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **6. LAW AND JURISDICTION**

### **6.1 Governing Law**

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

### **6.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

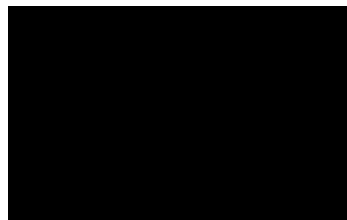
### **6.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

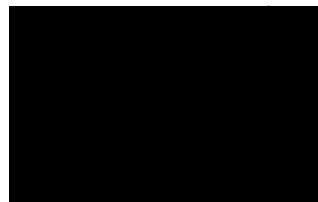
#### **Funding 1**

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )



#### **Issuer**

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )





**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider and Funding 1 Account Bank**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

Director/Secretary

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider and Funding 1 Account Bank**

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

[Redacted]

in the presence of

Witness's Signature:

[Redacted]

Name:

[Redacted]

Address

[Redacted]

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

[Redacted]

Director

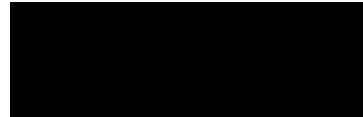
Director/Secretary

)  
)

[Redacted]

**Mortgages Trustee**

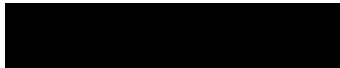
**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
)  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
)



Witness's signature:



Name:



Address:



**APPENDIX 1**

**FUNDING 1 DEED OF CHARGE**

**FUNDING 1 DEED OF CHARGE AS SUPPLEMENTED AND  
AMENDED ON 1 AUGUST 2007, 11 MARCH 2010, 21 APRIL 2011  
AND [●] APRIL 2012**

**DATED 28 NOVEMBER 2006**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider and Funding 1 Account Bank)**

**and**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

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**THIS FUNDING 1 DEED OF CHARGE** (this **Deed**) is dated 28 November 2006

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 767 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC**, a public limited company incorporated in England and Wales with limited liability (registered number 2294747), whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (acting in its capacities as **Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider** and **Funding 1 Start-Up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (6) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) Pursuant to the terms of the Intercompany Loan Agreement of even date herewith, the Issuer has agreed to make available from time to time Loan Tranches to Funding 1.
- (B) The Cash Manager has agreed to provide certain cash management services to Funding 1 on the terms set out in the Cash Management Agreement.
- (C) The Funding 1 Account Bank has agreed to provide certain banking services to Funding 1 on the terms set out in the Funding 1 Bank Account Agreement and the Funding 1 Guaranteed Investment Contract.
- (D) The Funding 1 Swap Provider has agreed to provide the Funding 1 Swap to Funding 1 on the terms set out in the Funding 1 Swap Agreement.
- (E) The Corporate Services Provider has agreed to provide certain corporate services to Funding 1 on the terms set out in the Funding 1 Corporate Services Agreement.
- (F) The Funding 1 Start-Up Loan Provider has agreed to make available the Start-Up Loans from time to time to Funding 1 on the terms set out in the Funding 1 Start-Up Loan Agreements.
- (G) Funding 1 has agreed to provide security in respect of Funding 1's obligations under the Funding 1 Agreements to which it is a party, subject to and in accordance with the terms thereof and hereof.

- (H) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in this Deed to secure Funding 1's obligations under the Funding 1 Agreements, upon and subject to the terms hereof. The Funding 1 Security Trustee shall hold such security on trust for the benefit of the Funding 1 Secured Creditors.
- (I) Pursuant to the terms of the Issuer Deed of Charge, the Issuer will grant security to the Issuer Security Trustee (as security trustee for the Issuer Secured Creditors) in and to all of its right, title, interest and benefit, present and future, under this Deed to secure the Issuer's obligations to the Issuer Secured Creditors upon and subject to the terms thereof.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Construction**

- (a) The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including without limitation on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011 and the date hereof) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- (b) This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- (c) If there is any conflict between the provisions of the Master Definitions and Construction Schedule, the Issuer Master Definitions and Construction Schedule and the provisions of this Deed, the provisions of this Deed will prevail.
- (d) The term **this Deed** means this Deed and any deed executed in accordance with, or expressed to be supplemental to, this Deed.
- (e) Any covenant of Funding 1 under this Deed (other than a payment obligation) shall remain in force during Funding 1 Security Period.
- (f) The terms of the other Transactions Documents are incorporated in this Deed to the extent required to give effect thereto and/or to ensure that any purported disposition contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1994.
- (g) Unless the context otherwise requires, a reference to a Funding 1 Charged Property includes the proceeds of sale of that Funding 1 Charged Property.

- (h) The term **full title guarantee** will be construed in accordance with the LP (MP) Act but so that the covenants implied by the LP (MP) Act in respect of Funding 1 Security do not include:
  - (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) of the LP (MP) Act; and
  - (ii) section 6(2) of the LP (MP) Act.

## **2. SECURITY TRUST**

### **2.1 Declaration of Trust**

The Funding 1 Security Trustee holds all of the covenants, undertakings, Security Interests and other rights and benefits made or given under this Deed and the other Funding 1 Agreements on trust for itself and the other Funding 1 Secured Creditors upon and subject to the terms and conditions of this Deed.

## **3. CREATION OF FUNDING 1 SECURITY**

### **3.1 General**

- (a) All Funding 1 Security:
  - (i) is created in favour of the Funding 1 Security Trustee for itself and as trustee on behalf of the other Funding 1 Secured Creditors;
  - (ii) is created over the present and future assets of Funding 1;
  - (iii) is security for the payment or discharge of Funding 1 Secured Obligations; and
  - (iv) is made with full title guarantee (or, in relation to any rights or assets situated in Northern Ireland or otherwise governed by Northern Irish law, as beneficial owner, or, in relation to any rights or assets situated in Scotland or otherwise governed by Scots law, with absolute warrandice).
- (b) The term **all of its rights** as used in this Clause includes, unless the context requires otherwise:
  - (i) the benefit of all covenants, undertakings, representations, warranties and indemnities;
  - (ii) all powers and remedies of enforcement and/or protection;
  - (iii) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and
  - (iv) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the relevant Funding 1 Charged Property.



### **3.2 Trust Property**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights, title, interest and benefit in the Trust Property (including, without limitation, all Scottish Trust Property, present and future, comprised in the Trust Property).

### **3.3 Contracts**

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of Funding 1 Agreements.

### **3.4 Funding 1 Accounts**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) any amount standing from time to time to the credit of Funding 1 Bank Accounts;
- (b) all interest paid or payable in relation to those amounts; and
- (c) all debts represented by those amounts.

### **3.5 Authorised Investments**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the Authorised Investments made or purchased from time to time by or on behalf of Funding 1 (whether owned by it or held by any nominee on its behalf) using moneys standing to the credit of Funding 1 Accounts; and
- (b) all interest, moneys and proceeds paid or payable in relation to those Authorised Investments.

### **3.6 Miscellaneous**

Funding 1 charges by way of a first fixed charge all of its rights in respect of:

- (a) the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Funding 1 Charged Property; and
- (b) any compensation which may be payable to it in respect of those authorisations.

### **3.7 Floating charge**

- (a) Funding 1 charges by way of a first floating charge all of its undertaking and all of its property and assets (including, without limitation, its uncalled capital) other than any property or assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under this Clause 3 (but excepting from the foregoing exclusion all of Funding 1's undertaking, property and assets situated in Scotland or the rights to which are governed by Scots law, all of which are charged by the floating charge hereby created).
- (b) Except as provided below, the Funding 1 Security Trustee may, by notice to Funding 1 (and so far as permitted by applicable law), convert the floating charge created under this Clause 3 into a fixed charge as regards any of Funding 1's assets subject to the floating charge specified in that notice, if:

- (i) an Intercompany Loan Event of Default is outstanding;
  - (ii) the Funding 1 Security Trustee considers those assets or any part thereof to be in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process or to be otherwise in jeopardy; and/or
  - (iii) a circumstance occurs which the Funding 1 Security Trustee considers to (or to be likely to) prejudice, imperil or threaten Funding 1 Security.
- (c) Except as provided below, the floating charge created by this Clause 3 will automatically (so far as permitted by applicable law) convert into a fixed charge as regards:
- (i) all of Funding 1's assets subject to the floating charge, upon the service of an Intercompany Loan Acceleration Notice; and/or
  - (ii) any assets of Funding 1 subject to the floating charge, if those assets (contrary to the covenants and undertakings contained in Funding 1 Agreements):
    - (A) are or become subject to a Security Interest in favour of any person other than the Funding 1 Security Trustee; or
    - (B) are or become the subject of a sale, transfer or other disposition, immediately prior to that Security Interest arising or that sale, transfer or other disposition being made.
- (d) The floating charge created by this Clause 3 may not be converted into a fixed charge solely by reason of:
- (i) the obtaining of a moratorium; or
  - (ii) anything done with a view to obtaining a moratorium,
- under Section 1 of the Insolvency Act 1986.
- (e) The floating charge created by this Clause 3 is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986 and for the purpose of paragraph 15 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989 (as amended) (if appropriate).

## 4. ACKNOWLEDGEMENTS AND UNDERTAKINGS

### 4.1 Funding 1 Security

- (a) This Deed constitutes notice in writing to each Funding 1 Secured Creditor of the assignment or assignation of all of Funding 1's rights to the Funding 1 Agreements under Clause 3.3 (Contracts).
- (b) By executing this Deed, each Funding 1 Secured Creditor acknowledges and consents to the assignment or assignation referred to in this Clause 4.1 (Funding 1 Security) and the other Security Interests made or granted under this Deed and confirms that as of the date of this Deed it has not received from any other person notice of any assignment, assignation or charge of any Funding 1 Charged Property.

- (c) Immediately upon the execution of this Deed, Funding 1 will deliver a notice of assignment substantially in the form set out in Schedule 1 (Form of Notice of Charge) hereto to each of the addressees named in the notice and will use all reasonable endeavours to procure that delivery to the Funding 1 Security Trustee on the date of this Deed of receipts from the addressees of that notice substantially in the form attached to the notice.
- (d) Each Funding 1 Secured Creditor acknowledges the Funding 1 Security, and covenants to the Funding 1 Security Trustee not to do anything inconsistent with the Funding 1 Security or knowingly to prejudice that security or any of the Funding 1 Charged Property (or the Funding 1 Security Trustee's interest in those assets) provided that, subject to Clause 5 (Restrictions on Exercise of Certain Rights) hereto, this Deed does not limit the rights of any of Funding 1 Secured Creditors under the Funding 1 Agreements.
- (e) Without prejudice to the generality of Clause 4.1(a), Funding 1 hereby intimates and gives notice to the Mortgages Trustee as trustee under and in terms of the Mortgages Trust Deed of the assignment in security made in terms of Clause 3.2 (Trust Property) and the Mortgages Trustee by its execution of this Deed as such trustee immediately subsequent to the execution hereof by Funding 1 confirms that as at the date hereof it has received no intimation of any other dealing with the Funding 1 Share or any other rights, title, interest or benefit in the Trust Property except in accordance with the Funding 1 Agreements.

#### **4.2 Registration of Funding 1 Security**

Within 21 calendar days of the date of creating the Funding 1 Security Funding 1 undertakes to file (or to procure that a filing is made) with the Registrar of Companies pursuant to the provisions of Chapter 1 of Part XII of the Companies Act 1985 a duly completed Form 395 in respect of itself together with the required registration fee and an executed copy of this Deed.

#### **4.3 Funding 1 Agreements**

Each Funding 1 Secured Creditor acknowledges that it is bound by, and deemed to have notice of, all of the provisions of the Funding 1 Agreements as if it was a party to each Funding 1 Agreement.

#### **4.4 Payments to Funding 1**

Notwithstanding the Funding 1 Security but subject as provided otherwise in this Deed, each of the parties acknowledges that each Funding 1 Secured Creditor and each other party to any Funding 1 Agreement may continue to make all payments becoming due to Funding 1 under any Funding 1 Agreement in the manner envisaged by that document until receipt of written notice from the Funding 1 Security Trustee or any Receiver requiring payments to be made otherwise.

#### **4.5 Exercise of rights under Funding 1 Agreements**

- (a) Subject to Clause 8 and Clause 12, without prejudice to the rights of the Funding 1 Security Trustee after the security created under this Deed has become enforceable, the Funding 1 hereby authorises the Funding 1 Security Trustee, prior to the security created by this Deed becoming enforceable, to exercise or direct the exercise, or refrain from exercising or directing the exercise of, all rights, powers, authorities, discretions and remedies of the Funding 1 under or in respect of the Funding 1 Agreements referred to in Clause 3.3 (Contracts).
- (b) For the avoidance of doubt, the Funding 1 Security Trustee shall not be required to have regard to the interests of Funding 1 in the exercise or non-exercise or the direction or non-

direction of the exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Funding 1 in relation thereto.

- (c) Funding 1 shall not, without the prior written consent of the Funding 1 Security Trustee:
  - (i) permit any of the Funding 1 Agreements to which it is a party to become invalid or ineffective or the priority of the Security Interests created or evidenced thereby or pursuant thereto to be varied;
  - (ii) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Funding 1 Agreements; or
  - (iii) permit any party to any of the Funding 1 Agreements or any other person whose obligations form part of the Funding 1 Charged Property to be released from its obligations.

#### **4.6 New Funding 1 Secured Creditors**

- (a) In order to become a New Funding 1 Secured Creditor a creditor of Funding 1 must enter into an Accession Deed in or substantially in the form set out in Schedule 3 (Form of the Accession Deed).
- (b) Each New Funding 1 Secured Creditor will be bound by the provisions of this Deed as if it contained covenants by each New Funding 1 Secured Creditor in favour of the Funding 1 Security Trustee and every other Funding 1 Secured Creditor to observe and be bound by all provisions of this Deed to apply to the Funding 1 Secured Creditors.

### **5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS**

#### **5.1 Payments to Funding 1 Accounts**

At all times prior to the release, re-assignment, retrocession and/or discharge under Clause 18 (Release) of the Funding 1 Security, Funding 1 will, save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing, procure that all amounts received by Funding 1 under or in respect of the Funding 1 Agreements will be credited to the Funding 1 Accounts in accordance with Clause 6.2 (Funding 1 Bank Accounts) and the other applicable terms of the Funding 1 Agreements.

#### **5.2 No withdrawals from Funding 1 Accounts**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts other than as expressly permitted under this Deed or the Cash Management Agreement or with the prior written consent of the Funding 1 Security Trustee.

#### **5.3 No enforcement by Funding 1 Secured Creditors**

- (a) Except as provided below, each of Funding 1 Secured Creditors (other than, in the case of paragraph (iii) below, the Funding 1 Security Trustee) agrees with Funding 1 and the Funding 1 Security Trustee that:
  - (i) only the Funding 1 Security Trustee may enforce the Funding 1 Security in accordance with the terms and conditions of this Deed;

- (ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1; and
  - (iii) it will not take any other steps or action against Funding 1 or the Funding 1 Charged Property for the purpose of recovering any of the Funding 1 Secured Obligations (including by exercising any rights of set-off) or enforcing any rights arising out of the Funding 1 Agreements against Funding 1.
- (b) If the Funding 1 Security Trustee has failed to enforce the Funding 1 Security within 30 days of becoming bound under the terms of this Deed so to do and that failure is continuing, then the Issuer Security Trustee or (if there is no outstanding Loan Tranche under the Intercompany Loan Agreement) each of the other Funding 1 Secured Creditors will be entitled to take any steps and proceedings against Funding 1 for the purpose of recovering any of the Funding 1 Secured Obligations or enforcing any rights arising out of the Funding 1 Agreements as it considers necessary other than any steps or proceedings:
- (i) in respect of procuring the winding up, administration or liquidation of Funding 1; and/or
  - (ii) which would result in the breach by it of Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) and/or Clause 7 (Payments out of Funding 1 Accounts Upon Acceleration) herein and/or any term of the other Funding 1 Agreements.

#### **5.4 Limited recourse**

- (a) Each Funding 1 Secured Creditor hereby agrees that, notwithstanding any other provision of any Funding 1 Agreement, all obligations of Funding 1 to each Funding 1 Secured Creditor in respect of the Funding 1 Secured Obligations owing to each Funding 1 Secured Creditor are limited in recourse as set out below:
- (i) in the event of non-payment of any sum due and payable to a Funding 1 Secured Creditor, its only remedy shall be enforcement of the Funding 1 Security in accordance with the provisions of this Deed and the other Funding 1 Agreements; and
  - (ii) in the event that the net proceeds of enforcing and (as fully as practicable and over whatever time period the Funding 1 Security Trustee considers reasonably necessary) realising all Funding 1 Security are (after application of the proceeds in accordance with the provisions of this Deed) insufficient to discharge in full the amount of any Funding 1 Secured Obligation owed to a Funding 1 Secured Creditor, Funding 1's obligation in respect of the unpaid amount shall be automatically extinguished and such Funding 1 Secured Creditor shall have no further claim against Funding 1 in respect of such unpaid amount.
- (b) The provisions of this Clause 5.4 (Limited recourse) shall survive the termination of this Deed.

#### **5.5 Amounts received by Funding 1 Secured Creditors**

Each Funding 1 Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any Funding 1 Secured Obligation owed to it other than in accordance with the provisions of this Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this

Deed shall be received and held by it as trustee for the Funding 1 Security Trustee and shall be paid over to the Funding 1 Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of this Deed.

## **6. PAYMENTS OUT OF FUNDING 1 ACCOUNTS PRIOR TO ACCELERATION**

### **6.1 Application**

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Accounts:

- (a) at any time upon and after enforcement of the Funding 1 Security without the prior written consent of the Funding 1 Security Trustee; and/or
- (b) under this Clause 6.1 (Application) at any time upon and after an Intercompany Loan Acceleration Notice has been served.

### **6.2 Funding 1 Bank Accounts**

Funding 1 shall at all times during the Funding 1 Security Period:

- (a) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Principal Receipts to Funding 1 under the Mortgages Trust is paid into the Funding 1 GIC Account;
- (b) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Loan Tranche which are to be applied in or towards repayment of another Loan Tranche are, pending such repayment, deposited in the Funding 1 GIC Account; and
- (c) save as otherwise provided in the Funding 1 Agreements or unless the Funding 1 Security Trustee otherwise agrees in writing (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require), procure that any Refinancing Distributions to Funding 1 under the Mortgages Trust Deed which are to be applied in or towards repayment of a Loan Tranche (a **Relevant Refinancing Distribution**) shall be paid into the Funding 1 GIC Account.

### **6.3 Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to be applied to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will transfer funds standing to the credit of the Funding 1 GIC Account to the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions to be applied to meet Funding 1's payment obligations in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.4 Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration**

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each day during a Funding 1 Interest Period but prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts to meet any amounts then due and payable by Funding 1 or the Issuer to third parties, the Account Bank or the Issuer Account Bank in accordance with items (a)(ii), (a)(iii) and (b) (as applicable) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).
- (b) Notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application) and this Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration), the Cash Manager, on behalf of Funding 1 (subject to the terms of the Cash Management Agreement) will apply funds standing to the credit of the Funding 1 Transaction Account on each Funding 1 Interest Payment Date prior to the issue of an Intercompany Loan Acceleration Notice where such monies represent Funding 1 Available Revenue Receipts, Funding 1 Available Principal Receipts and/or Relevant Refinancing Distributions in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Part 1 of Schedule 3 to this Deed and the relevant Funding 1 Principal Priorities of Payments set out in Part 2 of Schedule 4 (Funding 1 Priority of Payments) (as the same may be amended or varied from time to time).

#### **6.5 Authorised Investments**

- (a) Notwithstanding Funding 1 Security but subject to Clause 6.1 (Application), the Cash Manager, on behalf of Funding 1, may withdraw amounts standing to the credit of Funding 1 Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Agreement and the Cash Management Agreement. All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 Transaction Account.
- (b) Notwithstanding the Funding 1 Security, the Cash Manager, on behalf of Funding 1, may sell or redeem or otherwise dispose of any Authorised Investments on any day prior to the enforcement of the Funding 1 Security subject to the terms and conditions of this Deed and the Cash Management Agreement.

## **6.6 Enforcement When Not All Amounts Due and Payable**

If the Funding 1 Security Trustee enforces the Funding 1 Security at a time when either no amounts or not all amounts owing in respect of the Funding 1 Secured Obligations have become due and payable, the Funding 1 Security Trustee (or a Receiver) may, for so long as no such amounts or not all such amounts have become due and payable, pay any monies referred to in Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein into, and retain such monies in, an interest-bearing account (a **retention account**) to be held by it as security and applied by it in accordance with Clause 6 (Payments out of Funding 1 Accounts Prior to Acceleration) herein as and when any of the amounts referred to therein become due and payable.

## **7. PAYMENTS OUT OF FUNDING 1 ACCOUNTS UPON ACCELERATION**

### **7.1 Priorities of Payment – after service of an Intercompany Loan Acceleration Notice**

All monies received or recovered following service of an Intercompany Loan Acceleration Notice shall be applied by the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee (or a Receiver appointed on its behalf) (save to the extent required otherwise by law) in the order of priority set out in Part 3 of Schedule 4 (Funding 1 Priority of Payments).

### **7.2 Application of Monies Received after service of an Intercompany Loan Acceleration Notice**

Each Funding 1 Secured Creditor undertakes to pay to the Cash Manager or, following the enforcement of the Funding 1 Security, the Funding 1 Security Trustee or the Receiver, as the case may be, all monies received or recovered by it (including by way of set-off or otherwise) subsequent to the service of an Intercompany Loan Acceleration Notice in order that such amounts can be applied in accordance with Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice).

## **8. ENFORCEMENT BY THE FUNDING 1 SECURITY TRUSTEE**

### **8.1 Mandatory enforcement**

- (a) Subject to Clause 8.2 (Administrative receiver), the Funding 1 Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights, powers, discretions, authorities, duties and/or functions (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested or making any determination) and/or to take any other action under or in connection with any Funding 1 Agreement (including, without limitation, enforcing the Funding 1 Security) unless the Funding 1 Security Trustee:
  - (i) has been indemnified and/or secured to its satisfaction against all liabilities, cost, expenses, losses, claims and charges to which it may render itself liable or which it may incur by so doing and, for this purpose, the Funding 1 Security Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it; and
  - (ii) is directed to do so by:
    - (A) the Issuer Security Trustee; or



- (B) if there is no outstanding Loan Tranche under the Intercompany Loan, the Funding 1 Secured Creditor that ranks highest in the order of priority of payment set out in Clause 7.1 (Priorities of Payment – after service of an Intercompany Loan Acceleration Notice),

(in each case, the **Instructing Party**), in which case the Funding 1 Security Trustee will be bound to take such action in the manner instructed by the Instructing Party, provided that the Funding 1 Security Trustee may at all times, whether or not so instructed, take such action in respect of any right, power or discretion which is personal to the Funding 1 Security Trustee or is to preserve or protect the Funding 1 Security Trustee's position or is of a purely administrative nature.

- (b) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with any instructions received pursuant to paragraph (a) above. The Funding 1 Security Trustee shall be entitled to seek clarification from the relevant Instructing Party with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from such relevant Instructing Party and shall not be liable to any person for any loss occasioned thereby.
- (c) Upon being directed by the Issuer Security Trustee to enforce the Funding 1 Security in accordance with paragraph (a) above, the Funding 1 Security Trustee will notify Funding 1 and the Funding 1 Secured Creditors of such direction.

## 8.2 Administrative receiver

- (a) Notwithstanding any term of this Deed, subject to paragraph (b) below, the Funding 1 Security Trustee must enforce the Funding 1 Security by appointing an administrative receiver in respect of Funding 1 if it has actual notice of:
  - (i) an application for the appointment of an administrator in respect of Funding 1; or
  - (ii) the giving of a notice of intention to appoint an administrator in respect of Funding 1,

and that appointment shall take effect not later than the final day by which it must take effect in order to prevent an administration proceeding.

- (b) The Funding 1 Security Trustee is not liable for any failure to appoint or delay in appointing an administrative receiver in respect of Funding 1, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt:
  - (i) nothing in this Clause 8.2 (Administrative receiver) shall be construed so as to impose on the Funding 1 Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to this Clause 8.2 (Administrative receiver) except to the extent of (and from) the cash and assets comprising the Funding 1 Security held by the Funding 1 Security Trustee at such time;
  - (ii) the Funding 1 Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an administrative receiver on the terms as to indemnification referred to in paragraph (b)(i) above; and
  - (iii) subject to Clause 13.1(d), the Funding 1 Security Trustee shall be indemnified and/or secured in accordance with the provisions of this Deed.

- (c) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with paragraph (a) above.
- (d) Funding 1 hereby waives any claims against the Funding 1 Security Trustee in respect of any appointment made pursuant to this Clause 8.2 (Administrative receiver).

## **9. ENFORCEMENT OF FUNDING 1 SECURITY**

### **9.1 General**

- (a) For the purposes of all powers implied by statute, Funding 1 Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the 1925 Act (restricting the power of sale), Section 93 of the 1925 Act (restricting the right of consolidation) and Sections 20 and 17 of the 1881 Act do not apply to the Security Interests comprised in Funding 1 Security.

### **9.2 Intercompany Loan Acceleration Notice**

The Funding 1 Security will become immediately enforceable upon the service of an Intercompany Loan Acceleration Notice or, if there is no outstanding Loan Tranche under the Intercompany Loan, upon notice given to the Funding 1 Security Trustee by a Funding 1 Secured Creditor of failure by Funding 1 to pay any other Funding 1 Secured Obligation on its due date (subject to any applicable grace period).

### **9.3 Privileges**

The Funding 1 Security Trustee and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the 1925 Act and the 1881 Act on mortgagees and receivers duly appointed under the 1925 Act, except that Section 103 of the 1925 Act and Section 20 of the 1881 Act do not apply.

### **9.4 Power of sale**

The power of sale and other powers conferred by Section 101 of the 1925 Act, Section 19 of the 1881 Act and Section 4 of the 1911 Act as extended and varied by this Deed, will be immediately exercisable at any time after the Funding 1 Security has become enforceable.

### **9.5 Extension of the 1925 Act**

- (a) The statutory powers of leasing conferred on the Funding 1 Security Trustee are extended so as to authorise the Funding 1 Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Funding 1 Security Trustee may think fit and without the need to comply with any provision of Section 99 or 100 of the 1925 Act, Section 18 of the 1881 Act or Section 3 of the 1911 Act.
- (b) The statutory powers of sale and the other powers conferred on the Funding 1 Security Trustee by Section 101(1) and (2) of the 1925 Act, Section 19 of the 1881 Act and Section 4(1) of the 1911 Act are extended so as to authorise the Funding 1 Security Trustee (upon such terms as the Funding 1 Security Trustee may think fit and in accordance with the terms of this Deed) to:

- (i) make demand in the name of the other Funding 1 Secured Creditors or in its own right for any moneys and liabilities in respect of the Funding 1 Charged Property; and
- (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 11 (Powers of Receiver) herein as if each of them was expressly conferred on the Funding 1 Security Trustee by this Deed.

#### **9.6 Mortgagee in possession**

- (a) Neither the Funding 1 Security Trustee nor any Receiver will be liable, by reason of Funding 1 Security or entering into possession of any Funding 1 Charged Property, to account as mortgagee or security holder in possession or for any loss on realisation or for any default or omission for which a mortgagee or security holder in possession might be liable.
- (b) Each of the Funding 1 Security Trustee, the other Funding 1 Secured Creditors and any Receiver will not take any action (other than, in the case of the other Funding 1 Secured Creditors, with the Funding 1 Security Trustee's prior written consent) which would be likely to lead to the Funding 1 Security Trustee or the other Funding 1 Secured Creditors becoming a mortgagee or security holder in possession in respect of any Funding 1 Charged Property.

#### **9.7 Protection of third parties**

No person (including a purchaser) dealing with the Funding 1 Security Trustee or any Receiver or its or his agents will be concerned to enquire:

- (a) whether the Funding 1 Secured Obligations remain outstanding or have become payable;
- (b) whether any power which the Funding 1 Security Trustee or that Receiver is purporting to exercise has become exercisable or is being properly exercised; or
- (c) how any money paid to the Funding 1 Security Trustee or to that Receiver is to be applied,

and the protections afforded to purchasers from a mortgagee by Sections 104 and 107 of the 1925 Act and Sections 21 and 22 of the 1881 Act and to persons dealing with an administrative receiver by Section 42(3) of the Insolvency Act 1986 will apply.

#### **9.8 Contingencies**

If the Funding 1 Security is enforced at a time when no amount is due in respect of the Funding 1 Secured Obligations or any of Funding 1 Secured Obligations are contingent or future, the Funding 1 Security Trustee or any Receiver may pay the proceeds of any recoveries effected by it into any interest-bearing account to be held by it as security and applied in accordance with the terms and conditions of this Deed and the Cash Management Agreement.

#### **9.9 Disposal of Funding 1 Charged Properties**

Notwithstanding the foregoing provisions of this Clause 9, if the Funding 1 Security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of any AAA Loan Tranche, the Funding 1 Security Trustee will not be entitled to dispose of all or part of the Funding 1 Charged Property unless either:

- (a) the Funding 1 Security Trustee shall have been advised by a financial adviser or such other professional adviser selected by it (whose advice or opinion shall be conclusive and binding) that a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing under all AAA Loan Tranches of the Issuer and all prior ranking amounts due by Funding 1 in accordance with the Funding 1 Priorities of Payments; and
- (b) the Funding 1 Security Trustee is of the sole opinion, which shall be binding on the Funding 1 Secured Creditors, reached after considering at any time and from time to time the advice of any financial or such other professional advisers selected by the Funding 1 Security Trustee in its absolute discretion (acting reasonably) for the purpose of giving such advice, that the cash flow prospectively receivable by Funding 1 will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of Funding 1, to discharge in full in due course all amounts owing in respect of each AAA Loan Tranche and all prior ranking amounts due by Funding 1.

The fees and expenses of the aforementioned financial adviser or such other professional adviser selected by the Funding 1 Security Trustee shall be paid by Funding 1.

#### **9.10 Scottish Trust Property**

Without prejudice to the provisions of this Clause 9 (Enforcement of Funding 1 Security) and Clause 19 (Directions from Beneficiaries) of the Mortgages Trust Deed, Funding 1 and the Mortgages Trustee hereby undertake to the Funding 1 Security Trustee that if at any time after the Funding 1 Security shall have become enforceable and the Funding 1 Security Trustee or any Receiver shall so require, they will join together in directing the Seller to sell or dispose of all or any part of the Scottish Trust Property on terms previously approved by the Funding 1 Security Trustee and/or in causing the trusts constituted by any Scottish Declaration of Trust to be wound up or performed and they will take all such actions and execute all such documents as may be necessary to effect such sale or disposal or winding-up or performance and the distribution or transfer of the Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust, the Mortgages Trust Deed and this Deed. The Seller and the Mortgages Trustee hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust.

### **10. RECEIVER**

#### **10.1 Appointment of Receiver**

- (a) Except as provided below, the Funding 1 Security Trustee may appoint any one or more persons to be a Receiver of all or any part of Funding 1 Charged Property if the Funding 1 Security has become enforceable.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the 1925 Act and sections 24(6) and (8) of the 1881 Act) does not apply to this Deed.
- (d) The Funding 1 Security Trustee is not entitled to appoint a Receiver solely as a result of:
  - (i) the obtaining of a moratorium; or

- (ii) anything done with a view to obtaining a moratorium,

under Section 1A of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 2002 (if appropriate).

## **10.2 Removal**

The Funding 1 Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated. The Funding 1 Security Trustee may apply to the court for an order removing an administrative receiver.

## **10.3 Remuneration**

The Funding 1 Security Trustee may fix the remuneration of any Receiver appointed by it and the maximum rate specified in Section 109(6) of the 1925 Act and Section 24 of the 1881 Act will not apply. Funding 1 will pay the remuneration of any Receiver in accordance with the terms and in the manner agreed from time to time between the relevant Receiver and the Funding 1 Security Trustee, subject to the terms and conditions of this Deed.

## **10.4 Agent of Funding 1**

- (a) A Receiver will be deemed to be the agent of Funding 1 for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the 1925 Act, the 1881 Act or the 1911 Act. Funding 1 alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) If a liquidator of Funding 1 is appointed, the Receiver will act as principal and not as agent of the Funding 1 Security Trustee.
- (c) The Funding 1 Security Trustee will not incur any liability (either to Funding 1 or to any other person) by reason of the appointment of a Receiver.

## **10.5 Relationship with Funding 1 Security Trustee**

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after Funding 1 Security becomes enforceable be exercised by the Funding 1 Security Trustee in relation to any Funding 1 Charged Property without first appointing a Receiver and notwithstanding the appointment of a Receiver.

# **11. POWERS OF RECEIVER**

## **11.1 General**

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause 11 (Powers of Receiver) in addition to those conferred on it by any law; this includes:
  - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate); and

- (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the 1925 Act or the 1881 Act and the 1911 Act (if appropriate) and the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (if appropriate).

- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

## **11.2 Possession**

A Receiver may take immediate possession of, get in and collect any Funding 1 Charged Property.

## **11.3 Carry on business**

A Receiver may carry on any business of Funding 1 in any manner he thinks fit.

## **11.4 Employees**

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by Funding 1.

## **11.5 Borrow money**

A Receiver may raise and borrow money either unsecured or on the security of any Funding 1 Charged Property either in priority to the Funding 1 Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

## **11.6 Sale of assets**

- (a) A Receiver may sell, exchange, convert into money and realise any Funding 1 Charged Property by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Funding 1.

## **11.7 Leases**

A Receiver may let any Funding 1 Charged Property for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Funding 1 Charged Property on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

## **11.8 Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Funding 1 or

relating in any way to any Funding 1 Charged Property, provided that, any such claim has priority to or ranks *pari passu* with this Deed.

#### **11.9 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Funding 1 Charged Property which he thinks fit.

#### **11.10 Receipts**

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Funding 1 Charged Property.

#### **11.11 Subsidiaries**

A Receiver may form a Subsidiary of Funding 1 and transfer to that Subsidiary any Funding 1 Charged Property.

#### **11.12 Delegation**

A Receiver may delegate his powers in accordance with this Deed.

#### **11.13 Lending**

A Receiver may lend money or advance credit to any customer of Funding 1.

#### **11.14 Protection of assets**

A Receiver may:

- (a) effect any repair or insurance and do any other act which Funding 1 might do in the ordinary conduct of its business to protect or improve any Funding 1 Charged Property;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

#### **11.15 Uncalled capital**

A Receiver may call up or require the directors of Funding 1 to call up any uncalled capital of Funding 1.

#### **11.16 Payment of expenses**

A Receiver may pay and discharge, out of the profits and income of Funding 1 Charged Property and any moneys made by it in carrying on the business of Funding 1, the expenses incurred by it in connection with the carrying on and management of that business or in the exercise of any of the powers conferred by this Clause 11 (Powers of Receiver) or otherwise in respect of any Funding 1 Charged Property and all other expenses which it shall think fit to pay and will apply the residue of those profits and income in accordance with the terms and conditions of this Deed.

### **11.17 Other powers**

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Funding 1 Charged Property or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Funding 1 Charged Property all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Funding 1 Charged Property; and
- (c) use the name of Funding 1 for any of the above purposes.

## **12. MODIFICATION, AUTHORISATION, WAIVER AND CONSENT**

### **12.1 Modification**

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee may, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required), concur with Funding 1 or any other person in making or giving its consent to any modification to any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise with the prior consent of all of the Funding 1 Secured Creditors.
- (b) Subject to paragraph (c) below, the Funding 1 Security Trustee shall, without any consent or sanction of the Funding 1 Secured Creditors (except where they are a party to the relevant Funding 1 Agreement the subject of such modification, where the consent of such party will be required) be required to concur with Funding 1 or any other person in making or giving its consent to any modification (other than a Basic Terms Modification which shall require the approval of Noteholders by way of Extraordinary Resolution) to any Funding 1 Agreement or the Master Definitions and Construction Schedule that are requested by Funding 1 or the Cash Manager, provided that Funding 1 or the Cash Manager, as the case may be, has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to accommodate:
  - (i) Notes to be issued and/or Loan Tranches to be made available by the Issuer to Funding 1 under the Intercompany Loan Agreement;
  - (ii) the entry into by Funding 1 or any Further Funding Company of any New Intercompany Loan Agreement or the issue of New Notes by the Issuer or any New Funding 1 Issuer;
  - (iii) the addition of other relevant Funding 1 Secured Creditors and/or Issuer Secured Creditors and/or New Issuers and/or Further Funding Companies to the Transaction Documents;
  - (iv) the assignment of New Loan Types or their Related Security to the Mortgages Trustee;
  - (v) the inclusion of a New Beneficiary as a beneficiary of the Mortgages Trust;



- (vi) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in paragraphs (i) and (ii) above;
  - (vii) changes to the General Reserve Fund Required Amount and/or any additional amounts for the purposes of an Arrears or Step-Up Trigger Event and/or the Liquidity Reserve Fund Required Amount and/or the manner in which such amounts are funded;
  - (viii) the establishment of the Funding 1 Liquidity Facility; and/or
  - (ix) changes to be made to the definitions of Asset Trigger Event and Non-Asset Trigger Event.
- (c) The Funding 1 Security Trustee shall only be required to agree or consent to the modifications set out in paragraph (b) above if the Funding 1 Security Trustee is satisfied that:
- (i) in respect of the matters set out in paragraphs (b)(i), (iv) and (v), Funding 1 or the Cash Manager has certified to the Funding 1 Security Trustee that the conditions precedent to:
    - (A) Notes being issued by the Issuer and/or Loan Tranches being made available to Funding 1 (as set out in Condition 15 and Clause 3 of the Intercompany Loan Agreement);
    - (B) the assignment of New Loans to the Mortgages Trustee (as set out in Clause 4 of the Mortgage Sale Agreement);
    - (C) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in Clause 17 of the Mortgages Trust Deed),
 have been satisfied; and
  - (ii) in respect of the matters set out in paragraphs (b)(i) to (b)(ix) inclusive, the Funding 1 Security Trustee has received written confirmation from each of the Rating Agencies that the relevant modifications will not result in a reduction, qualification or withdrawal of the current ratings of the Notes (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time and that, pursuant to Condition 16 of the Issuer Notes, the confirmation of one of the Rating Agencies may be sufficient for such purpose in respect of the Issuer Notes).
- (d) Each Funding 1 Secured Creditor hereby acknowledges that the Funding 1 Security Trustee is required to make the modifications set out in paragraph (b) above (subject to paragraph (c)), and each Funding 1 Secured Creditor further acknowledges that such modifications may adversely affect the manner in which the Mortgages Trustee allocates monies to Funding 1 and/or the amount of monies available to Funding 1 to meet the Funding 1 Secured Obligations. Each Funding 1 Secured Creditor agrees that such modifications shall be binding on it and unless the Funding 1 Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Funding 1 Secured Creditors as soon as practicable after the modifications have been made.
- (e) Each of the Funding 1 Secured Creditors agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other documents and instruments (to the extent that the Funding 1 Security Trustee is a party thereto, in form

and substance satisfactory to it) as may be required by law or necessary to give effect to the intent and purpose of this Clause 12.1 (Modification).

## **12.2 Authorisation or waiver**

The Funding 1 Security Trustee shall waive or authorise (without prejudice to its rights in respect of any further or other breach) any breach or proposed breach by Funding 1 or any other person of any of the covenants or provisions of any Funding 1 Agreement only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.3 Requests for consent or approval**

If a request is made to the Funding 1 Security Trustee by Funding 1 or any other person to give its consent or approval to any event, matter or thing, then:

- (a) if any Funding 1 Agreement specifies that the Funding 1 Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied in relation to that event, matter or thing, then the Funding 1 Security Trustee will give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied; and
- (b) in any other case, the Funding 1 Security Trustee shall give its consent or approval to that event, matter or thing only if so directed by the Issuer Security Trustee, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.4 Binding on Funding 1 Secured Creditors**

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) will be binding on all of the Funding 1 Secured Creditors.

## **12.5 Additional terms and conditions**

- (a) Any modification, authorisation, waiver, consent or approval provided under this Clause 12 (Modification, Authorisation, Waiver and Consent) may be made or given on such terms and subject to such conditions (if any) as the Issuer Security Trustee may direct, so long as there is any Loan Tranche outstanding under the Intercompany Loan Agreement, and otherwise by all of the Funding 1 Secured Creditors.

## **12.6 Notice to Funding 1 Secured Creditors**

If required by the Funding 1 Security Trustee, Funding 1 will as soon as practicable notify each of the other Funding 1 Secured Creditors in accordance with this Deed of any modification, authorisation or, waiver or consent made under this Clause 12 (Modification, Authorisation, Waiver and Consent).

# **13. ADDITIONAL PROVISIONS REGARDING THE FUNDING 1 SECURITY TRUSTEE**

## **13.1 Incorporation of Note Trust Deed provisions**

- (a) Without prejudice to the other provisions of this Deed and except as set out below, the following Clauses of the Note Trust Deed are incorporated in and will apply, *mutatis*

*mutandis*, to this Deed (and for that purpose references in that Clause to "these presents" or to "this Deed" will be construed as references to this Deed and references in that Clause to "the Note Trustee" will be construed as references to the Funding 1 Security Trustee):

- (i) Clause 16 (Remuneration and Indemnification of the Note Trustee);
  - (ii) Clause 17 (Supplement to Trustee Acts) (other than subclauses (d), (h), (p), (r) and (t));
  - (iii) Clause 18 (Note Trustee's liability);
  - (iv) Clause 19 (Note Trustee Contracting with the Issuer);
  - (v) Clause 23 (New Note Trustee);
  - (vi) Clause 24 (Note Trustee's Retirement and Removal); and
  - (vii) Clause 25 (Note Trustee's Powers to be Additional).
- (b) Reference in the clauses of the Note Trust Deed identified in subclause (a) above to:
- (i) "Issuer" will be construed as references to "Funding 1" and in the case of Clause 17(b) of the Note Trust Deed the reference to the "Issuer" shall be retained and be deemed to include a reference to "Funding 1";
  - (ii) "Note Event of Default" will be construed as references to "Intercompany Loan Event of Default";
  - (iii) "Noteholders" will be construed as references to "Funding 1 Secured Creditors";
  - (iv) "Issuer Charged Property" will be construed as references to "Funding 1 Charged Property";
  - (v) "Issuer Transaction Documents" will be construed as references to "Funding 1 Agreements"; and
  - (vi) "Issuer Deed of Charge" will be construed as references to "Funding 1 Deed of Charge".
- (c) Clause 15 (Remuneration and Indemnification of the Note Trustee) of the Note Trust Deed will be amended so that:
- (i) the last sentence of clause 15.1 is deleted and replaced by the following:

"Such remuneration shall accrue from day to day and be payable up to and including the date when Funding 1 Security Period has expired and the Funding 1 Security Trustee has released, reassigned and/or discharged Funding 1 Charged Property from Funding 1 Security as provided under this Deed.";
  - (ii) each of the references to the Note Trustee in clauses 15.5, 15.6 and 15.7 include a reference to any Receiver appointed by the Funding 1 Security Trustee; and
  - (iii) the references to "Series and Class of Notes" and "Notes of any Series and Class" in clause 15.8 shall be replaced by "Loan Tranche".

- (d) The following words shall be added to the end of clause 16.9 before the final full stop:

", provided that if the Funding 1 Security Trustee is required to appoint an administrative receiver pursuant to clause 8.2 (Administrative receiver) of Funding 1 Deed of Charge, the Funding 1 Security Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against Funding 1 under Funding 1 Deed of Charge and the security that it has in respect of such rights but otherwise without limitation to its right of indemnity and/or security under this Deed."

### **13.2 No transfer of obligations**

Notwithstanding anything else in this Deed, the Funding 1 Security Trustee does not assume and will not be obliged to perform any obligations of any other party to this Deed.

### **13.3 No obligation to insure**

The Funding 1 Security Trustee shall not be under any obligation to insure in respect of any of Funding 1 Charged Property or to require any other person to maintain any such insurance.

### **13.4 Additional Funding 1 Security Trustee provisions**

- (a) The Funding 1 Security Trustee shall be under no obligation to monitor or supervise the functions of the Servicer under the Servicing Agreement or any other Transaction Document or the Cash Manager under the Cash Management Agreement or any other Transaction Document or the Mortgages Trustee Account Bank or the Funding 1 Account Bank under the Mortgages Trustee Account Bank Agreement and the Funding 1 Account Bank Agreement respectively or any other Transaction Agreement or of any other person under or pursuant to any of the Transaction Documents.
- (b) Funding 1 shall provide to the Funding 1 Security Trustee such information as it shall reasonably request in writing to enable it to perform its functions as Funding 1 Security Trustee under the Funding 1 Agreements.
- (c) The Funding 1 Security Trustee shall not be liable to Funding 1 for acting on the request, direction or instruction of the Issuer Security Trustee or any Funding 1 Secured Creditor.
- (d) The Funding 1 Security Trustee shall not be obliged to monitor compliance by the Seller with the Representations and Warranties or to ascertain whether or not any such of the Representations and Warranties is true, accurate or complete.
- (e) The Funding 1 Security Trustee shall be entitled to assume that each of Funding 1, the Seller, the Mortgages Trustee and the Issuer is complying with their respective obligations under the Transaction Documents unless it has actual knowledge to the contrary.
- (f) The Funding 1 Security Trustee shall be entitled to rely (without further investigation or inquiry) upon any document, reasonably believed by it to be genuine, provided to it by Funding 1, the Mortgages Trustee or the Cash Manager in respect of every matter and circumstances prima facie within the knowledge of Funding 1, the Mortgages Trustee or the Cash Manager and the Funding 1 Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused by it failing to do so.
- (g) The Funding 1 Security Trustee may provide information to the Issuer Security Trustee under the Issuer Deed of Charge and to the Note Trustee under the Note Trust Deed.

- (h) The Funding 1 Security Trustee shall be entitled to rely on any certificate addressed to it whether in its capacity as Funding 1 Security Trustee under this Deed, as Issuer Security Trustee under the Issuer Deed of Charge or as Note Trustee under the Note Trust Deed and may rely on information provided to it in any such capacity.
- (i) The Funding 1 Security Trustee, if not the same as the Note Trustee and/or the Issuer Security Trustee, shall provide the Note Trustee and the Issuer Security Trustee with any information that either or both of them reasonably require.
- (j) The Funding 1 Security Trustee, if not the same as the Issuer Security Trustee and/or the Note Trustee, shall notify the Note Trustee and/or the Issuer Security Trustee of any breach of any provisions of this Deed or the Funding 1 Agreements and any event of which it has knowledge which would or may result in this Deed or the Funding 1 Security created thereby becoming enforceable.
- (k) Nothing in this Deed shall preclude the Issuer Security Trustee, the Note Trustee and the Funding 1 Security Trustee from exchanging information.

### 13.5 The Trustee

- (a) Law Debenture Trust Company of New York (the **Initial Trustee**) is acting as Note Trustee under the Note Trust Deed and as Issuer Security Trustee under the Issuer Deed of Charge and as Funding 1 Security Trustee under this Deed (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Clause 13.5 as the **Trustee**). No entity may act as a trustee in any such capacity unless it is also the Trustee in all such capacities or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more of such capacities. In any capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.
- (b) Neither the Initial Trustee nor any of its successors has any responsibility to Noteholders, the Issuer Secured Creditors or the Funding 1 Secured Creditors for the validity, sufficiency or enforceability of the Issuer Security and the Funding 1 Security (which the Initial Trustee has not investigated) and shall accept such title and interest as any chargor or mortgagor has without responsibility for investigating the same or any defect there may be therein. Neither the Initial Trustee nor any of its successors are responsible for monitoring the performance by any person of its obligations to the Issuer, Funding 1 or any other person and each may assume until it has actual knowledge to the contrary that such obligations are being duly performed.

## 14. FUNDING 1 SECURITY POWER OF ATTORNEY

Immediately upon execution of this Deed, Funding 1 will execute and deliver to the Funding 1 Security Trustee the Funding 1 Security Power of Attorney. The Funding 1 Security Trustee confirms that it may exercise the powers conferred under the Funding 1 Security Power of Attorney if:

- (a) the Funding 1 Security has become enforceable;
- (b) it considers such action necessary for the protection or preservation of the Attorney's (as defined in the Funding 1 Security Power of Attorney) interests and rights in and to the Funding 1 Charged Property; and/or

- (c) it considers such action ought to be done under the covenants, undertakings and provisions contained in this Deed.

## **15. FURTHER ASSURANCES**

Funding 1 must, at its own expense, take whatever action the Funding 1 Security Trustee or a Receiver may require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or
- (b) facilitating the realisation of any Funding 1 Charged Property, or the exercise of any right, power or discretion exercisable, by the Funding 1 Security Trustee or any Receiver or any of its delegates or sub-delegates in respect of any Funding 1 Charged Property.

This includes:

- (i) the execution of any transfer, conveyance, assignment, assignation or assurance of any property, whether to the Funding 1 Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Funding 1 Security Trustee may think expedient.

## **16. ADDITIONAL PROVISIONS RELATING TO FUNDING 1 SECURITY**

### **16.1 Continuing Security**

Funding 1 Security will remain in force as continuing security for Funding 1 Secured Obligations notwithstanding any settlement of account or the existence at any time of a credit balance on any Funding 1 Account or other account or any other act, event or matter.

### **16.2 No merger**

Funding 1 Security is in addition to, and will not be merged in, or in any way exclude or prejudice any other Security Interest or other right which the Funding 1 Security Trustee or any other Funding 1 Secured Creditor may now or at any time have (or would apart from Funding 1 Security have) as regards Funding 1 or any other person in respect of the Funding 1 Secured Obligations.

### **16.3 Avoidance of security or payment**

- (a) If an amount paid to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors under a Funding 1 Agreement is capable of being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (b) Any settlement, discharge or release between Funding 1 and the Funding 1 Security Trustee (or any Receiver) will be conditional upon no security or payment granted or made to the Funding 1 Security Trustee (or any Receiver, as the case may be) by Funding 1 or any other person being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force.
- (c) If any security or payment is avoided or reduced in the circumstances described in paragraph (a) above, then the Funding 1 Security Trustee (or any Receiver, as the case may

be) will be entitled to recover the value or amount of such security or payment from Funding 1 as if the relevant settlement, discharge or release had not occurred.

#### **16.4 Retention of Funding 1 Security**

- (a) If the Funding 1 Security Trustee has grounds for believing that Funding 1 may be unable to pay its debts as they fall due as at the date of any payment made by Funding 1 to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors, then the Funding 1 Security Trustee may retain Funding 1 Security until the expiry of a period of (subject to paragraph (b) below) one month plus the statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all the Funding 1 Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Funding 1 Security Trustee on, or as a consequence of, such payment or discharge of liability.
- (b) If, at any time within the period referred to in paragraph (a) above, any person presents a petition, or files documents with a court or any registrar for the winding-up or administration of Funding 1 or any analogous proceedings are commenced by or against Funding 1, the Funding 1 Security Trustee may continue to retain the Funding 1 Security for such further period as it may determine and the Funding 1 Security will be deemed to continue to be held as security for the payment and discharge to the Funding 1 Security Trustee of all of the Funding 1 Secured Obligations.

#### **16.5 Change of name, etc.**

This Deed will remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Funding 1 Security Trustee or Funding 1 or any merger, amalgamation or consolidation by the Funding 1 Security Trustee or Funding 1 with any other corporation.

#### **16.6 Negative pledge**

Funding 1 shall not, save for the Funding 1 Security, or with the prior written consent of the Funding 1 Security Trustee, or unless otherwise permitted under any of Funding 1 Agreements, create or permit to subsist any Security Interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings present or future (including any uncalled capital) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any Security Interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one or a series of transactions) or grant any option or right to acquire any such property, assets or undertaking present or future.

#### **16.7 Funding 1 Accounts**

Funding 1 hereby undertakes that, for so long as any Funding 1 Secured Obligations remain outstanding, it shall not (without the prior written consent of the Funding 1 Security Trustee):

- (a) open or maintain any bank account or deposit account with any bank or any other financial institution other than the Funding 1 Bank Accounts; or
- (b) close the Funding 1 Bank Accounts,

other than in accordance with the Funding 1 Bank Account Agreement and this Deed.

## 16.8 Additional positive covenants

Funding 1 covenants and undertakes with the Funding 1 Security Trustee for the benefit of the Funding 1 Secured Creditors as follows:

- (a) to cause to be prepared and certified by its auditors in respect of each Financial Year accounts in such form as will comply with relevant legal and accounting requirements for the time being;
- (b) at all times to keep or procure the keeping of proper books of account and records as may be necessary to comply with all applicable laws and so as to enable financial statements to be prepared and to allow the Funding 1 Security Trustee and any person or persons appointed by the Funding 1 Security Trustee to whom Funding 1 shall have no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing provided that such inspection shall only be for the purposes of carrying out its duties under this Deed and any information so obtained shall only be used and passed on to any other person for the purpose of the Funding 1 Security Trustee carrying out its duties under this Deed;
- (c) to give notice in writing to the Funding 1 Security Trustee of the occurrence of an Intercompany Loan Event of Default, a Potential Intercompany Loan Event of Default and/or the service of an Intercompany Loan Acceleration Notice (which has not been served by the Funding 1 Security Trustee) (such notice to be effective by the delivery of a copy of the Intercompany Loan Acceleration Notice to the Funding 1 Security Trustee) immediately upon becoming aware thereof and without waiting for the Funding 1 Security Trustee to take any further action;
- (d) give to the Funding 1 Security Trustee (i) within 14 days after demand by the Funding 1 Security Trustee therefore and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each Financial Year and in any event not later than the date required by statute to file or publish (whichever is earlier) such audited accounts after the end of each such Financial Year a certificate signed by two directors of Funding 1 to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) an Intercompany Loan Event of Default or a Potential Intercompany Loan Event of Default (or if such then exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate Funding 1 has complied, to the best of their knowledge and belief, with all its obligations contained in this Deed and each of the other Funding 1 Agreements or (if such is not the case) specifying the respects in which it has not so complied;
- (e) at all times to execute all such further documents and do all such further acts and things as may in the reasonable opinion of the Funding 1 Security Trustee be necessary at any time or times to give effect to the terms and conditions of this Deed and the other Funding 1 Agreements;
- (f) at all times to comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Funding 1 Agreements; and



- (g) duly and promptly to pay and discharge all Taxes imposed upon it or its assets unless such Taxes are, in the opinion of the Funding 1 Security Trustee, being contested in good faith by Funding 1.

## **17. SET-OFF**

- (a) The Funding 1 Security Trustee may at any time following an Intercompany Loan Event of Default (without notice and notwithstanding any settlement of account or other matter):
  - (i) combine or consolidate all or any existing accounts of Funding 1 whether in its own name or jointly with others and held by it or any Funding 1 Secured Creditor;
  - (ii) set-off or transfer all or any part of any credit balance or any sum standing to the credit of any account referred to in paragraph (i) above (whether or not the same is due to Funding 1 from the Funding 1 Security Trustee or relevant Funding 1 Secured Creditor and whether or not the credit balance and the account in debit or the Funding 1 Secured Obligations are expressed in the same currency) in or towards satisfaction of any of the Funding 1 Secured Obligations; and/or
  - (iii) in its discretion, estimate the amount of any liability of Funding 1 which is contingent or unascertained and set-off such estimated amount.
- (b) No amount will be payable by the Funding 1 Security Trustee to Funding 1 unless and until all Funding 1 Secured Obligations have been ascertained and fully repaid or discharged.

## **18. RELEASE**

### **18.1 Upon discharge of Funding 1 Secured Obligations**

At the end of Funding 1 Security Period, the Funding 1 Security Trustee will, at the cost of Funding 1, take whatever action is necessary to release the Funding 1 Charged Property from the Funding 1 Security to, or to the order of, Funding 1.

### **18.2 Authorised Investments**

Upon Funding 1 or the Cash Manager on its behalf making a disposal of an Authorised Investment charged under this Deed and provided that the proceeds of such disposal are paid into the Funding 1 Transaction Account in accordance with the terms of this Deed and the Cash Management Agreement, such Authorised Investment will be deemed to be released from the Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1 take whatever action is necessary to release that Authorised Investment from the Funding 1 Security.

### **18.3 Trust Property**

Upon the repurchase by the Seller from the Mortgages Trustee of any Loan and its Related Security charged under this Deed in accordance with the terms of the Mortgage Sale Agreement, such Loan and its Related Security shall no longer form part of the Trust Property (or, in the case of any Scottish Loan and its Related Security, the Scottish Trust Property in accordance with Clause 8 (Termination of Trust) of the relevant Scottish Declaration of Trust) and shall be released from the Funding Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1, take whatever action is necessary to release that Loan and its Related Security from the Funding 1 Security.

#### **18.4 Funding 1 Accounts**

For the avoidance of doubt, all amounts which the Cash Manager (on behalf of Funding 1 and, following service of a Loan Acceleration Notice if the Cash Manager is appointed as agent of the Funding 1 Security Trustee, the Funding 1 Security Trustee or its appointee) is permitted to withdraw from the Funding 1 Transaction Account pursuant to Clause 6.2 (Funding 1 Bank Accounts), Clause 6.3 (Withdrawals from Funding 1 GIC Account – prior to enforcement and acceleration) or Clause 6.4 (Withdrawals from Funding 1 Transaction Account – prior to enforcement and acceleration) will be deemed to be released from the Funding 1 Security upon the relevant withdrawal provided that, where the relevant amount is transferred to another Funding 1 Account, it will become subject to the Funding 1 Security in respect of that other Funding 1 Account.

#### **18.5 No liability for loss**

The Funding 1 Security Trustee will not be liable to Funding 1 or any other person for any loss, costs, claims or liabilities arising in connection with its acting upon a request made under this Clause 18 (Release) and/or any release made under this Clause 18 (Release).

### **19. FUNDING 1 REPRESENTATIONS**

#### **19.1 Title**

Funding 1 represents to the Funding 1 Security Trustee that it is the beneficial owner of the Funding 1 Charged Property and the Funding 1 Charged Property is free of any Security Interests (except for those created by or under this Deed) and any other rights or interests (including any licences) in favour of third parties.

#### **19.2 No restriction**

Funding 1 represents to the Funding 1 Security Trustee that as at the Initial Closing Date none of its property, assets and/or undertaking are subject to any restriction (whether contractual or otherwise) that may render the Security Interests granted by Funding 1 under this Deed ineffective or which otherwise prohibit the grant of such Security Interests.

#### **19.3 Steps taken**

Funding 1 represents to the Funding 1 Security Trustee that it has taken all necessary steps to enable it to create the Funding 1 Security in accordance with this Deed and has taken no actions or steps which will or may prejudice its rights, title and interest in, to and under any Funding 1 Charged Property.

#### **19.4 Funding 1 Agreements**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) each Funding 1 Agreement is its legally binding, valid, and enforceable obligation;
- (b) it is not in default of any of its obligations under any Funding 1 Agreement;
- (c) there is no prohibition on assignment in any Funding 1 Agreement; and
- (d) its entry into and performance of this Deed will not conflict with any term of any Funding 1 Agreement.

### **19.5 Nature of security**

Funding 1 represents to the Funding 1 Security Trustee that this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on its liquidation or administration or otherwise, except that Security Interests expressed to be fixed may take effect as floating charge security.

### **19.6 United States Activities**

Funding 1 represents to the Funding 1 Security Trustee that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles and will not 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.

### **19.7 Centre of main interests and establishment**

- (a) Funding 1 represents to the Funding 1 Security Trustee that its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and it does not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.
- (b) Funding 1 undertakes to conduct its business and affairs such that, at all relevant times, its "centre of main interests" for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations will be and remain in England and it will not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England.

### **19.8 Times for making representations**

- (a) The representations set out in this Deed (including in this Clause 19 (Funding 1 Representations)) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Funding 1 on each date during Funding 1 Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

### **19.9 Funding 1 Profit Amount**

Funding 1 shall consider from time to time the level of the profit made by Funding 1 and if Funding 1 determines that a change in such level is appropriate in all the circumstances, then Funding 1 shall certify, with a copy to the Rating Agencies and the Funding 1 Security Trustee that its tax position shall not be adversely affected thereby.

### **19.10 Funding 1 assets**

Funding 1 represents to the Funding 1 Security Trustee that its assets constitute "financial assets" as defined in the Taxation of Securitisation Companies Regulations 2006 (the **Regulations**).

### **19.11 Retained amounts**

Funding 1 represents to the Funding 1 Security Trustee that:

- (a) in respect of each accounting period of Funding 1, the only amounts retained by Funding 1 have been and will be either (i) amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness or (ii) its profit; and
- (b) to the extent that amounts are received by Funding 1 pursuant to any Funding 1 Transaction Document, Funding 1 has and has had a corresponding obligation to pay out an equal amount by way of cost or expense owing to a third party less an amount equal to the Funding 1's profit.

### **19.12 Permanent regime for securitisation companies**

Funding 1 has elected into the permanent regime for securitisation companies established under the Regulations within the requisite time limits therefor and in the form required by the Regulations.

## **20. EVIDENCE OF INDEBTEDNESS**

In any action, proceedings or claim relating to this Deed or the Funding 1 Security, any statement (which will contain information in reasonable detail in support thereof) as to:

- (a) any amount due to any Funding 1 Secured Creditor;
- (b) all or any part of the Funding 1 Secured Obligations; or
- (c) any amounts which have been notified to the Funding 1 Security Trustee as being amounts due to any Funding 1 Secured Creditor,

in each case, which is certified as being correct by an officer of the relevant Funding 1 Secured Creditor will be conclusive evidence that such amount is in fact due and payable.

## **21. RIGHTS CUMULATIVE**

The respective rights of the Funding 1 Security Trustee and any Receiver under this Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

## **22. SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

## **23. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile). This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been executed and delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party hereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## **24. NOTICES**

### **24.1 In writing**

Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post or by fax. Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

### **24.2 Party details**

The contact details of each party to this Deed for all communications in connection with this Deed are those set out below:

- (a) in the case of Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (b) in the case of the Issuer, to Fosse Master Issuer plc, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0)207 398 6325) for the attention of the Directors;
- (c) in the case of the Seller, the Cash Manager, the Funding 1 Swap Provider and the Funding 1 Start-Up Loan Provider, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, c/o Abbey House, (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (d) in the case of the Mortgages Trustee, to Fosse Finance Trustee Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (facsimile number: +44 (0) 1534 609 333) for the attention of Harvey Austin-Vautier;
- (e) in the case of the Corporate Services Provider, to Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number: +44 (0) 20 7398 6325) for the attention of the Directors;
- (f) in the case of each of the Issuer Security Trustee and the Funding 1 Security Trustee, to Law Debenture Trust Company of New York, 767 Third Avenue – 31<sup>st</sup> Floor, New York,

New York 10017 (facsimile number +1 212 750 1361) for the attention of The Corporate Trust Department;

- (g) in the case of the Funding 1 Account Bank, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number +44 (0)20 7756 5627) for the attention of the Company Secretary with copies to (i) Abbey National plc, 21 Prescott Street, London E1 8AD (facsimile number 020 76125088) for the attention of Head of Subsidiary Banking and (ii) Abbey National plc, c/o Abbey House (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile no. +44 (0)1908 343 019) for the attention of Securitisation Team, Retail Credit Risk;
- (h) in the case of Moody's, to Moody's Investor Services Limited, One Canada Square, Canary Wharf, London E14 5FA (facsimile number: +44 (0) 20 7772 5400) for the attention of Asset Backed Finance;
- (i) in the case of S&P, to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 20 Canada Square, London, United Kingdom, E14 5LH (facsimile number: +44 (0) 20 7826 3598) for the attention of the Structured Finance Surveillance Group; and
- (j) in the case of Fitch, to Fitch Ratings Ltd., Eldon House, 2 Eldon Street, London EC2M 7UA (facsimile number: +44 (0) 20 7417 6262) for the attention of European Structured Finance.

### **24.3 Changes**

Any party may change its contact details by giving five London Business Days' notice to the other parties.

### **24.4 Effectiveness**

- (a) Except as provided below, any notice in connection with this Deed will be deemed to be given as follows:
  - (i) if delivered in person, at the time of the delivery;
  - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
  - (iii) if by fax, when received in legible form.
- (b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## **25. ASSIGNMENT**

Neither Funding 1 nor any of the Funding 1 Secured Creditors may assign, encumber or transfer all or any part of its rights or benefits and/or transfer its obligations under this Deed without the prior written consent of the Funding 1 Security Trustee, save that the Issuer may assign its rights under this Deed without such consent to the Issuer Security Trustee under the Issuer Deed of Charge.

## **26. LANGUAGE**

- (a) Any notice given in connection with this Deed must be in English.
- (b) Any other document provided in connection with this Deed must be:
  - (i) in English; or
  - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

## **27. LAW AND JURISDICTION**

### **27.1 Governing Law**

This Deed (and any non-contractual obligations out of or in connection with it) shall be governed by, and construed in accordance with, English law (provided that any terms of this Deed which are particular to Scots law shall be construed in accordance with the laws of Scotland and any terms of this Deed which are particular to Northern Irish law shall be construed in accordance with the laws of Northern Ireland).

### **27.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **27.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with any finance document or any transaction contemplated by any finance document. This deed may be filed as a written consent to trial by court.

## **28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **29. EFFECTIVENESS OF EXECUTION**

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding upon Funding 1 and the Funding 1 Security Trustee upon at least once copy of this Deed having been executed and delivered by both Funding 1 and the Funding 1 Security Trustee notwithstanding that any other person expressed to be a party to this Deed has not then executed and delivered this Deed and notwithstanding any such party has executed or executes and has delivered or delivers a counterpart of this Deed.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1**

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:



**Seller, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its duly authorised attorney )  
 )  
in the presence of

Witness's signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )  
 )

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
 )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
 )

Witness's signature:

Name:

Address:

**SCHEDULE 1**  
**FORM OF NOTICE OF CHARGE**

From: Fosse Funding (No.1) Limited (Funding 1)

To: [Relevant party name[s]]

Copy: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)

28 November 2006

Dear Sirs,

We hereby give you notice that by a deed of charge dated 28 November 2006 and made between Funding 1, the Funding 1 Security Trustee and others (**Funding 1 Deed of Charge**), Funding 1 charged to the Funding 1 Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the [insert relevant agreement name[s]] dated [insert date] (each as defined in the Master Definitions and Construction Schedule signed on the date thereof by, *inter alios*, Funding 1 and the [relevant party name[s]] and made, in each case, between, amongst others, Funding 1 and the [relevant party name[s]]).

You are authorised and instructed henceforth to deal with the Funding 1 Security Trustee in relation to our rights (but not our obligations) under the [insert relevant agreement name[s]] without further reference to us.

This notice is irrevocable. Please acknowledge receipt of this notice to the Funding 1 Security Trustee on the attached Consent to Charge.

Yours faithfully,

.....  
SFM Directors Limited, as Director  
for and on behalf of  
**FOSSE FUNDING (NO. 1) LIMITED**

**SCHEDULE 2**  
**FORM OF CONSENT TO CHARGE**

From: *[Relevant Party Name[s]]*

To: Law Debenture Trust Company of New York (the **Funding 1 Security Trustee**)  
Fosse Funding (No. 1) Limited (**Funding 1**)

28 November 2006

Dear Sirs,

We hereby acknowledge receipt of the notice of charge dated 28 November 2006 relating to Funding 1 Deed of Charge (as defined therein) as adequate notice of the charge described therein.

We agree to deal only with the Funding 1 Security Trustee in relation to Funding 1's rights (but not its obligations) under the *[relevant agreement name[s]]* referred to, and as defined in, such notice without any reference to Funding 1.

We have not received from any other person any notice of charge of or any interest in the *[relevant agreement name[s]]*.

Yours faithfully,

.....  
For and on behalf of  
*[Relevant party name]*

.....  
For and on behalf of  
*[Relevant party name]*

### SCHEDULE 3

#### FORM OF ACCESSION DEED

**THIS DEED** is made on [date]

#### BETWEEN

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Account Bank, Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**);
- (5) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a company incorporated in England and Wales with limited liability (registered number 3853947) and having its registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as **Corporate Services Provider**);
- (6) **FOSSE TRUSTEE LIMITED**, a private limited company incorporated under the laws of Jersey, Channel Islands (registered number 94410), whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (acting in its capacity as **Mortgage Trustee**);
- (7) [any other Funding 1 Secured Creditor.]; and
- (8) [name of the new Funding 1 Secured Creditor] (the **New Funding 1 Secured Creditor**).

#### NOW THIS DEED WITNESSES AS FOLLOWS

#### WHEREAS

- (A) Pursuant to the terms of a [describe agreement] (the **Agreement**) dated [date] made between Funding 1 and the New Funding 1 Secured Creditor, Funding 1 has agreed to [describe nature of the obligations of Funding 1 under the Agreement].
- (B) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in the Funding 1 Deed of Charge to secure Funding 1's obligations to the Funding 1 Secured Creditors.
- (C) The terms of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor thereunder.

- (D) The New Funding 1 Secured Creditor has agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge.
- (E) The Funding 1 Secured Creditors have agreed to enter into this Deed to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Funding 1 Priority of Payments set out in **Part 1, Part 2 and Part 3 of Schedule 4** of the Funding 1 Deed of Charge as are required and any other amendment as may be required to give effect to this Accession Deed.

## 1. INTERPRETATION

The master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to the Funding 1 Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011 and [●] April 2012) (the **Master Definitions and Construction Schedule**) and the master definitions and construction schedule signed by, amongst others, the parties to the Issuer Deed of Charge (as the same may be amended, restated, varied, supplemented and/or novated with the consent of the parties to the Issuer Deed of Charge, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011 and [●] April 2012) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Accession Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Accession Deed, including the Recitals hereto and this Accession Deed shall be construed in accordance with the interpretation provisions set out in clause 2 of the Master Definitions and Construction Schedule.

## 2. REPRESENTATIONS AND WARRANTIES

The New Funding 1 Secured Creditor hereby represents and warrants to the Funding 1 Security Trustee and each of the Funding 1 Secured Creditors in respect of itself that as of the date of this Deed:

- (a) pursuant to the terms of the Agreement, Funding 1 has agreed to pay to the New Funding 1 Secured Creditor the amount (if any) [*describe in relation to the Agreement*]; and
- (b) the Agreement expressly provides that all amounts due from Funding 1 thereunder are to be secured by the Funding 1 Deed of Charge.

## 3. ACCESSION

- (a) In consideration of the New Funding 1 Secured Creditor being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date of this Deed, the New Funding 1 Secured Creditor:
  - (i) confirms that as from [*date*], it intends to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor;
  - (ii) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto;

- (iii) undertakes to perform comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.6; and
- (iv) agrees that the Funding 1 Security Trustee shall be the Funding 1 Security Trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge.

#### **4. SCOPE OF THE FUNDING 1 DEED OF CHARGE**

Funding 1, the New Funding 1 Secured Creditor and the Funding 1 Security Trustee hereby agree that for relevant purposes under the Funding 1 Deed of Charge and the Master Definitions and Construction Schedule:

- (a) the Agreement shall be treated as a Funding 1 Agreement; and
- (b) the New Funding 1 Secured Creditor shall be treated as a Funding 1 Secured Creditor.

#### **5. AMENDMENT TO THE FUNDING 1 PRIORITY OF PAYMENTS**

The Funding 1 Secured Creditors agree to amend and restate the Funding 1 Priority of Payments set out in Schedule 4 of the Funding 1 Deed of Charge in accordance with Appendix 1 hereto.

#### **6. APPLICATION**

Prior to and following enforcement of the Funding 1 Security all amounts at any time held by Funding 1, the Cash Manager or the Funding 1 Security Trustee in respect of the security created under this Deed shall be held and/or applied by such person subject to and in accordance with the relevant provisions of the Funding 1 Deed of Charge.

#### **7. NOTICES**

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 24 (Notices) of the Funding 1 Deed of Charge to the addresses given in this Clause 7 (Notices) or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing.

The address referred to in this Clause 7 (Notices) for the New Funding 1 Secured Creditor is:

[            ]

For the attention of: [            ]

Telephone: [            ]

Facsimile: [            ]

or such other address and/or numbers as the New Funding 1 Secured Creditor may notify to the parties to the Funding 1 Deed of Charge in accordance with the provisions thereof.

## 8. CHOICE OF LAW

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

**DULY EXECUTED AND DELIVERED AS A DEED** by each of the parties hereto or on its behalf on the date appearing on page 1.

### Funding 1

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Issuer

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
by two directors, being )  
SFM Directors Limited and )  
SFM Directors (No.2) Limited )

### Funding 1 Security Trustee and Issuer Security Trustee

**EXECUTED as a DEED by** )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )  
in the presence of )

Witness's signature:

Name:

Address:

**Funding 1 Account Bank Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-up Loan Provider**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
acting by its attorney in the presence of: )

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
by two directors )

**Funding 1 Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
)  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
)

Witness's signature:

Name:

Address:

*[insert signature block for New Funding 1 Secured Creditor]*



## **SCHEDULE 4**

### **FUNDING 1 PRIORITY OF PAYMENTS**

#### **PART 1**

#### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

##### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and

- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);

- (q) (to the extent any Rated Notes are outstanding) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) towards a credit to the NR Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (s) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the NR Loan Tranches;
- (t) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (u) towards payment to Funding 1 of an amount equal to the sum of (1) £1,250 and (2) an amount equal to the aggregate of £1,250 in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (u) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;
- (v) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements; and
- (w) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## PART 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITIES OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the NR Loan Tranches, in each case subject to Rules (1) and (2) below;
- (j) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (i) inclusive of this priority of payments); and
- (k) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

(A) If on a Funding 1 Interest Payment Date:

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
- (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
- (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof;
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof; and/or
  - (v) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche, any BBB Loan Tranche or any BB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche, BBB Loan Tranche or BB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) and/or (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the NR Loan Tranches will not be entitled to principal repayments under item (i) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;

- (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
- (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;
- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount; and
- (e) for any NR Loan Tranche, the amount of principal due (or any part thereof) in respect of the NR Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount, the Class C Available Subordinated Amount and the Class D Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and



(B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g), (h) and/or (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. **Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date**

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Loan Tranches}}{\text{Aggregate Outstanding Principal Amount of all Loan Tranches}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (k) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

For the avoidance of doubt, principal in respect of Bullet Loan Tranches and Scheduled Amortisation Instalments shall, prior to the occurrence of a Pass-Through Trigger Event (notwithstanding that a Step-Up Date may have occurred in relation to such Bullet Loan Tranche or Scheduled Amortisation Loan Tranche, as applicable), be payable in accordance with paragraphs 1 to 3 above.

#### ***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a

further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) without priority among them, but in proportion to the amounts due, to repay the NR Loan Tranches until the NR Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche.

## PART 3

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments following an Intercompany Loan Acceleration;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;

- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the NR Loan Tranches;
- (k) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (l) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (m) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements.

## SCHEDULE 5

### FORM OF FUNDING 1 SECURITY POWER OF ATTORNEY

**THIS POWER OF ATTORNEY** is made on 28 November 2006 by **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696) whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Principal**).

#### WHEREAS:

- (1) By virtue of a deed of charge (the **Funding 1 Deed of Charge**) dated 28 November 2006 between, *inter alios*, the Principal, the Issuer, the Funding 1 Security Trustee, the Issuer Security Trustee, the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider, the Funding 1 Start-Up Loan Provider, the Corporate Services Provider and the Mortgages Trustee, (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney.
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Funding 1 Deed of Charge.

#### NOW THIS POWER OF ATTORNEY WITNESSETH:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Funding 1 Deed of Charge appoints Law Debenture Trust Company of New York and any other person or persons for the time being the security trustee or security trustees of and under the Funding 1 Deed of Charge (the **Attorney**) and any receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case bona fide necessary for the protection or preservation of the Attorney's interests and rights in and to the Funding 1 Charged Property or which ought to be done under the covenants, undertakings and provisions contained in the Funding 1 Deed of Charge on or at any time after the service of an Intercompany Loan Acceleration Notice or in any other circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9.4 (Power of sale) to 9.10 (Scottish Trust Property) (inclusive) of the Funding 1 Deed of Charge including (without limitation) any or all of the following:
  - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Funding 1 Security and/or the Funding 1 Charged Property or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done; and
  - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Funding 1 Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefor.



2. In favour of the Attorney, any Receiver and/or Administrator and/or Substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a Substitute in the purported exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns.
3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or Substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.
4. The provisions of Clause 3 shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney.
5. The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or Substitute carried out or purported to be carried out under the terms hereof.
6. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or Substitute shall properly and lawfully do or cause to be done in and concerning the Funding 1 Security Trustee's, the Funding 1 Security and/or the Funding 1 Charged Property.

**IN WITNESS WHEREOF** this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written.

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
 by two directors, being )  
 SFM Directors Limited and )  
 SFM Directors (No.2) Limited )

**EXECUTION VERSION**

## **FIFTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 19 AUGUST 2013**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider and Account Bank B)**

**and**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
**(as Account Bank A)**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS FIFTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 19 August 2013

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Account Bank B**);
- (5) **THE BANK OF NEW YORK MELLON, ACTING THROUGH ITS LONDON BRANCH** whose principal office is at 40th Floor, One Canada Square, London E14 5AL, in its capacity as account bank in the case of the Funding 1 Transaction Account (**Account Bank A** and a **New Funding 1 Secured Creditor**);
- (6) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Loan Provider** and a **New Funding 1 Secured Creditor**);
- (7) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (8) **FOSSE TRUSTEE LIMITED**, (registered number 94410) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 13 Castle Street, St. Helier, Jersey JE4 5UT, Channel Islands (in its capacity as **Mortgages Trustee**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010, 21 April 2011 and 27 April 2012) (the **Existing Funding 1 Deed of Charge**).
- (B) The terms of Clause 4.6 of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor pursuant to the entering into of an Accession Undertaking by the New Secured Creditor and the parties hereto.

- (C) The New Funding 1 Secured Creditors have agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge.
- (D) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (E) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

- 1.1 The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011, 27 April 2012 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, novated, varied or, supplemented and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 27 April 2012 and 23 May 2012) (the **Issuer Master Definitions and Construction Schedule**) is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2 This Deed will be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.
- 1.3 On and from the Part VII Effective Date, the Existing Funding 1 Deed of Charge shall be construed as if Santander UK had always been a party to it instead of Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider. Accordingly, on and from the Part VII Effective Date, all rights, liabilities, obligations, powers, trusts, authorities, duties and discretions exercised or performed (or exercisable or performable) by Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider under the Existing Funding 1 Deed of Charge prior to the Part VII Effective Date are deemed to have been exercised or performed (or to have been exercisable or performable) by Santander UK. However, the foregoing shall not apply to the extent inconsistent with the Part VII Scheme or to create or diminish any rights, liabilities, obligations, powers, trusts, authorities, duties or discretions or to create or diminish any other assets and liabilities (as to be defined in the Part VII Scheme) otherwise than as provided for in the Part VII Scheme.

## **2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

- 2.1 With effect from the date hereof the Existing Funding 1 Deed of Charge is modified by adding a new Clause 12.1(f):

“Without prejudice to this Clause 12, the Funding 1 Security Trustee shall, without the consent of any Funding 1 Secured Creditor, be required to give its consent to any modifications to these presents or any of the other Transaction Documents that are requested by Funding 1 or the Cash Manager, provided that Funding 1 has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to comply with any requirements which apply to it under EMIR, irrespective of whether such modifications are materially prejudicial to the interests of any Funding 1 Secured Creditor and provided such modifications do not relate to a Basic Terms Modification. The Funding 1 Security Trustee shall not be obliged to agree to any modification pursuant to this paragraph which (in the sole opinion of the Funding 1 Security Trustee) would have the effect of (a) exposing the Funding 1 Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; and (b) increasing the obligations or duties, or decreasing the protections of the Funding 1 Security Trustee in the Transaction Documents and/or the Conditions of the Notes.

The Funding 1 Secured Creditors shall be deemed to have instructed the Funding 1 Security Trustee to concur with such modifications and shall be bound by such modifications regardless of whether or not such modifications are materially prejudicial to the interests of the Funding 1 Secured Creditors.”

- 2.2 With effect from the date hereof the Existing Funding 1 Deed of Charge is modified by replacing Part 1 (Funding 1 Pre-Acceleration Revenue Priority of Payments) of Schedule 4 (Funding 1 Priority of Payments) thereof with the wording appearing at Schedule 1.
- 2.3 The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing Part 2 (Funding 1 Pre-Acceleration Principal Priorities of Payments) of Schedule 4 (Funding 1 Priority of Payments) thereof with the wording appearing at Schedule 2.
- 2.4 The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing Part 3 (Funding 1 Post-Acceleration Priority of Payments) of Schedule 4 (Funding 1 Priority of Payments) thereof with the wording appearing at Schedule 3.
- 2.5 The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by adding a new clause 6.7 (Santander A-2/P-2/F2 Account) as follows:

### **"6.7 Santander A-2/P-2/F2 Account**

Amounts which cannot be withdrawn from the Santander A-2/P-2/F2 Account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Santander UK or it being unable to pay these amounts) shall cease to constitute Funding 1 Available Principal Receipts or Funding 1 Available Revenue Receipts (as appropriate) and shall not be available to be applied in accordance with the applicable Funding 1 Priority of Payments."

### **3. ACCESSION**

In consideration of each of the New Funding 1 Secured Creditors being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date hereof, each New Funding 1 Secured Creditor:

- (a) confirms that as from the date hereof, it intends and agrees to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor;
- (b) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto;
- (c) undertakes to perform, comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.6 (New Funding 1 Secured Creditors) (including, without limitation, Clauses 7.1 (Priorities of Payment – After Service of an Intercompany Loan Acceleration Notice), 7.2 (Application of Monies Received After Intercompany Loan Acceleration Notice) and 5.3 (No Enforcement by Funding 1 Secured Creditors)); and
- (d) agrees that the Funding 1 Security Trustee shall be the Funding 1 security trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge.

### **4. NOTICES AND DEMANDS**

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 24 (Notices) of the Funding 1 Deed of Charge.

The address referred to in this Clause 4 for each New Funding 1 Secured Creditor is:

The Bank of New York Mellon, acting through its London Branch  
40th Floor  
One Canada Square  
London  
E14 5AL

For the attention of: Structured Finance Corporate Trust Administration  
Facsimile: +44 20 7964 2533

Santander UK plc  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

For the attention of: Securitisation Team, Retail Credit Risk  
Facsimile: +44 (0)20 7756 5627

or such other address and/or numbers as any New Funding 1 Secured Creditor may notify to the parties to the Funding 1 Deed of Charge in accordance with the provisions thereof.

## **5. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

## **6. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## **7. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **8. LAW AND JURISDICTION**

### **8.1 Governing Law**

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

### **8.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.



### 8.3 Waiver of trial by jury

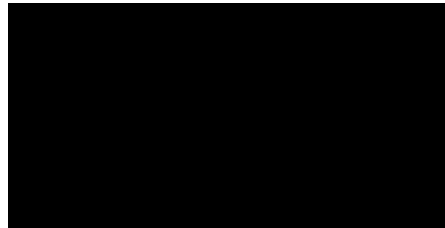
Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

#### Funding 1

**EXECUTED** as a **DEED** by  
**FOSSE FUNDING (NO. 1) LIMITED**  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

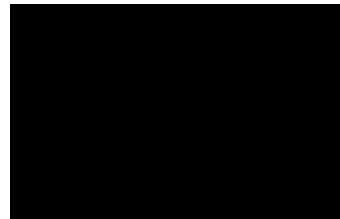
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#### Issuer

**EXECUTED** as a **DEED** by  
**FOSSE MASTER ISSUER PLC**  
by two directors, being  
SFM Directors Limited and  
SFM Directors (No.2) Limited

)  
)  
)  
)  
)



**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

Director/Secretary

)  
)

**Funding 1 Security Trustee and Issuer Security Trustee**

EXECUTED as a DEED by )  
LAW DEBENTURE TRUST COMPANY OF )  
NEW YORK )  
acting by its duly authorised attorney )

in the presence of

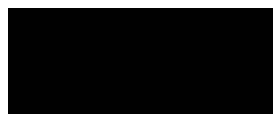
Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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



in the presence of



Witness's Signature:

Name:



Address



**Funding 1 Corporate Services Provider**

EXECUTED as a DEED by )  
STRUCTURED FINANCE MANAGEMENT )  
LIMITED )  
acting by two )  
directors/a director and the secretary )

Director

Director/Secretary

)  
)

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

in the presence of

Witness's Signature:

Name:

Address

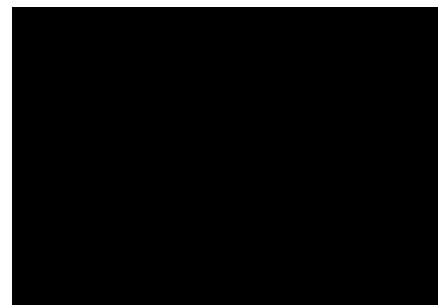
**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

~~Director~~/Secretary

)  
)



**Mortgages Trustee**

EXECUTED as a DEED on behalf of )  
FOSSE TRUSTEE LIMITED, a company )  
incorporated in Jersey, Channel Islands, by )  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )

[REDACTED]

Witness's signature:

[REDACTED]

Name:

[REDACTED]

Address:

**Account Bank A and New Funding 1 Secured Creditor**

EXECUTED as a DEED by )  
THE BANK OF NEW YORK MELLON, )  
ACTING THROUGH ITS LONDON BRANCH ))  
acting by its duly authorised signatory )

Witness's signature:

Name:

Address:

**Mortgages Trustee**

**EXECUTED** as a **DEED** on behalf of )  
**FOSSE TRUSTEE LIMITED**, a company )  
incorporated in Jersey, Channel Islands, by )  
)  
being a person who, in accordance with the laws )  
of that territory is acting under the authority of )  
the company, in the presence of )  
)

Witness's signature:

Name:

---

Address:

**Account Bank A and New Funding 1 Secured Creditor**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**ACTING THROUGH ITS LONDON BRANCH** )  
acting by its duly authorised signatory )

Witness's signature:

Name:

Address:

## **SCHEDULE 1**

### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

#### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to each of Account Bank A and Account Bank B under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and



- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);

- (q) (to the extent any Rated Notes are outstanding) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) towards a credit to *pro rata* and *pari passu* (i) the NR Principal Deficiency Sub-Ledger and (ii) the Funding 1 Loan Principal Deficiency Sub-Ledger, in an amount sufficient to eliminate any debit thereon;
- (s) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the (i) the Funding 1 Loan and (ii) the NR Loan Tranches;
- (t) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under the Funding 1 Swap Agreement (the **Funding 1 Swap Excluded Termination Amounts**); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (u) towards payment to Funding 1 of an amount equal to the sum of (1) £1,250 and (2) an amount equal to the aggregate of £1,250 in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (u) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;
- (v) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements; and
- (w) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## SCHEDULE 2

### FUNDING 1 PRE-ACCELERATION PRINCIPAL PRIORITY OF PAYMENTS

#### 1. Due and payable dates of Loan Tranches

A Loan Tranche (or part thereof) shall become **due and payable** on the earlier to occur of:

- (a) any date specified in relation to such Loan Tranche in the applicable Loan Tranche Supplement;
- (b) the date upon which a Trigger Event occurs;
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer;
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1; and
- (e) the date upon which a Step-Up Date, if any, occurs in relation to the relevant Loan Tranche as specified in the applicable Loan Tranche Supplement and accompanying Final Terms.

If there are insufficient Funding 1 Available Principal Receipts available to repay a Loan Tranche when that Loan Tranche is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Interest Payment Dates from Funding 1 Available Principal Receipts until that Loan Tranche is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid.

#### 2. Repayment of Loan Tranches prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Interest Payment Date prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments**):

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;

- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AAA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (e) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the AA Loan Tranches, in each case subject to Rules (1) and (2) below;
- (f) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the A Loan Tranches, in each case subject to Rules (1) and (2) below;
- (g) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BBB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (h) in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date on the BB Loan Tranches, in each case subject to Rules (1) and (2) below;
- (i) *pro rata* and *pari passu* in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Interest Payment Date (i) on the Funding 1 Loan and (ii) on the NR Loan Tranches, in each case subject to Rules (1) and (2) below;
- (j) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (d) to (i) inclusive of this priority of payments); and
- (k) the remainder to be credited to the Funding 1 Principal Ledger.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above and below:

**3. Rule (1) – Deferral of repayment of Pass-through Loan Tranches and/or Scheduled Amortisation Instalments in certain circumstances**

(A) If on a Funding 1 Interest Payment Date:

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Interest Payment Date; or
- (b) the Adjusted General Reserve Fund Level is less than the General Reserve Fund Required Amount; or
- (c) the aggregate outstanding principal balance of the Loans in the Mortgages Trust, in respect of which the aggregate amount in arrears for more than three times the monthly payment then due, is more than 4 per cent. of the aggregate Outstanding Principal Balance of Loans in the Mortgages Trust,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) has been cured or otherwise ceases to exist, if:

- (i) any AAA Loan Tranche (whether or not such AAA Loan Tranche is then due and payable) remains outstanding after making the payments under item (d) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the AA Loan Tranches will not be entitled to principal repayments under item (e) thereof;
  - (ii) any AAA Loan Tranche or any AA Loan Tranche (whether or not such AAA Loan Tranche or AA Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the A Loan Tranches will not be entitled to principal repayments under item (f) thereof;
  - (iii) any AAA Loan Tranche, any AA Loan Tranche or any A Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche or A Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BBB Loan Tranches will not be entitled to principal repayments under item (g) thereof;
  - (iv) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche or any BBB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche or BBB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the BB Loan Tranches will not be entitled to principal repayments under item (h) thereof; and/or
  - (v) any AAA Loan Tranche, any AA Loan Tranche, any A Loan Tranche, any BBB Loan Tranche or any BB Loan Tranche (whether or not such AAA Loan Tranche, AA Loan Tranche, A Loan Tranche, BBB Loan Tranche or BB Loan Tranche is then due and payable) remains outstanding after making the payments under items (d) and/or (e) and/or (f) and/or (g) and/or (h) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (j) thereof, then the Funding 1 Loan and the NR Loan Tranches will not be entitled to principal repayments under item (i) thereof.
- (B) If on a Funding 1 Interest Payment Date in respect of which principal in respect of any Loan Tranche is scheduled to be paid:
- (a) for any AA Loan Tranche, the amount of principal due (or any part thereof) in respect of the AA Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount;

- (b) for any A Loan Tranche, the amount of principal due (or any part thereof) in respect of the A Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount;
- (c) for any BBB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BBB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount;
- (d) for any BB Loan Tranche, the amount of principal due (or any part thereof) in respect of the BB Loan Tranche may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount; and
- (e) for (i) any NR Loan Tranche and (ii) the Funding 1 Loan, the amount of principal due (or any part thereof) in respect of the NR Loan Tranche or the Funding 1 Loan may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount, the Class C Available Subordinated Amount and the Class D Available Subordinated Amount for the purposes of the above, Rating Agency Excess Spread will be deemed to be zero.

(C) If on a Funding 1 Interest Payment Date:

- (a) one or more Bullet Loan Tranches are within a Cash Accumulation Period at that time (irrespective of whether any Scheduled Amortisation Instalments are then in a Cash Accumulation Period); and
- (b) either:
  - (i) Quarterly CPR is less than 10 per cent.; or
  - (ii) both:
    - (A) the Quarterly CPR is equal to or greater than 10 per cent., but less than 15 per cent., and

(B) the Annualised CPR is less than 10 per cent.;

then on or before their Step-Up Dates, the Scheduled Amortisation Loan Tranches will be entitled to principal repayments under items (d), (e), (f), (g), (h) and/or (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions.

#### 4. **Rule (2) – Repayment of payable Pass-through Loan Tranches after a Step-Up Date**

Following the occurrence of the Step-Up Date under a series of Loan Tranches (**Series A Loan Tranches**) and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Interest Payment Date in relation to Loan Tranches (other than Bullet Loan Tranches or Scheduled Amortisation Instalments) comprising those Series A Loan Tranches under items (d), (e), (f), (g), (h) and (i) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Series A Loan Tranches}}{\text{Aggregate Outstanding Principal Amount of all Loan Tranches}}$$

where **Funding 1 Principal Funds** means in respect of any Funding 1 Interest Payment Date the sum of:

- (a) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Interest Payment Date to the most recent Trust Calculation Date, such amount being the product of:
  - (i) the Funding 1 Share Percentage or, as applicable, the Weighted Average Funding 1 Share (Principal) Percentage, as calculated at the start of the relevant Trust Calculation Period; and
  - (ii) the aggregate amount of Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period;
- (b) the amount credited to the Funding 1 Principal Deficiency Ledger on the relevant Funding 1 Interest Payment Date; and
- (c) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (k) of the Funding 1 Pre-Trigger Event, Pre-Acceleration Principal Priority of Payments on the immediately preceding Funding 1 Interest Payment Date.

For the avoidance of doubt, principal in respect of Bullet Loan Tranches and Scheduled Amortisation Instalments shall, prior to the occurrence of a Pass-Through Trigger Event (notwithstanding that a Step-Up Date may have occurred in relation to such Bullet Loan Tranche or Scheduled Amortisation Loan Tranche, as applicable), be payable in accordance with paragraphs 1 to 3 above.

#### ***Allocations involving Rule (2)***

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Loan Tranches exceeds the amount permitted under Rule (2) to be paid in respect of those Loan Tranches (the **Capped Loan Tranches**), the excess shall then be reallocated among any other relevant Loan Tranches at that level using the method of allocation as applies at that level but without reference to the Capped Loan Tranches in calculating such reallocation. If a

further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

**5. Repayment of Loan Tranches after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer**

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more AAA Loan Tranches have the same Final Repayment Date, in proportion to the respective amounts due) to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) in no order of priority among them, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) in no order of priority among them, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) in no order of priority among them, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) in no order of priority among them, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them and ranking *pro rata* and *pari passu*, to repay (i) any amount due under the Funding 1 Loan until the Funding 1 Loan is fully repaid (ii) the NR Loan Tranches, until the NR Loan Tranches are fully repaid.



**6. Repayment of Loan Tranches after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or a Note Acceleration Notice**

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Funding 1 Deed of Charge or the service on the Issuer of a Note Acceleration Notice under the Note Trust Deed, the Bullet Loan Tranches and the Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them and ranking *pro rata* and *pari passu*, to repay (i) any amount due under the Funding 1 Loan until the Funding 1 Loan is fully repaid (ii) the NR Loan Tranches, until the NR Loan Tranches are fully repaid.

**7. Repayment of Loan Tranches after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice**

If a Note Acceleration Notice is served on the Issuer under the Note Trust Deed, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1 Deed of Charge. In those circumstances, however, the Bullet Loan Tranches and any Scheduled Amortisation Loan Tranches will be deemed to be Pass-through Loan Tranches and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority:

- (a) in accordance with the terms of the Funding 1 Liquidity Facility Agreement, towards repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Facility Principal Payments;
- (b) to the extent only that monies have been drawn from the General Reserve Fund to make Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Fund Required Amount;
- (c) if a Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (d) without priority among them, but in proportion to the amounts due, to repay the AAA Loan Tranches until the AAA Loan Tranches are fully repaid;
- (e) without priority among them, but in proportion to the amounts due, to repay the AA Loan Tranches until the AA Loan Tranches are fully repaid;
- (f) without priority among them, but in proportion to the amounts due, to repay the A Loan Tranches until the A Loan Tranches are fully repaid;
- (g) without priority among them, but in proportion to the amounts due, to repay the BBB Loan Tranches until the BBB Loan Tranches are fully repaid;
- (h) without priority among them, but in proportion to the amounts due, to repay the BB Loan Tranches until the BB Loan Tranches are fully repaid; and
- (i) in no order of priority among them and ranking pro rata and pari passu, to repay (i) any amount due under the Funding 1 Loan until the Funding 1 Loan is fully repaid (ii) the NR Loan Tranches, until the amounts outstanding until the NR Loan Tranches are fully repaid.

**8. Repayment of Loan Tranches when Funding 1 receives an amount outstanding under the proceeds of a New Intercompany Loan or a Refinancing Distribution**

If either:

- (a) the proceeds of a New Intercompany Loan from a New Issuer to Funding 1 are to be used to refinance all or part of a Loan Tranche under the Intercompany Loan Agreement; or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Interest Payment Date, a Refinancing Distribution funded by another Beneficiary and either:
  - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes; or
  - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be

applied (in whole or in part) by Funding 1 towards repayment of all or part of the Loan Tranche under the Intercompany Loan or all or part of the Funding 1 Loan,

then Funding 1 will not apply the amount received under the New Intercompany Loan or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Loan Tranches under the Intercompany Loan or, as the case may be, the Funding 1 Loan after repayment of amounts outstanding under the Funding 1 Liquidity Facility (if established) that were drawn in order to make Funding 1 Liquidity Principal Payments. If (at any time) only one Loan Tranche is outstanding under the Intercompany Loan, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Loan Tranche provided that the Beneficiary has not specified that the Refinancing Distribution should be used to repay the Funding 1 Loan.

### SCHEDULE 3

#### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments following an Intercompany Loan Acceleration;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to each of Account Bank A and Account Bank B under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;
  - (iv) to the PECO Corporate Services Provider under the PECO Corporate Services Agreement in relation to the Post-Enforcement Call Option Holder; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;

- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;
- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) in no order of priority among them and ranking *pro rata* and *pari passu*, to repay (i) any amount due under the Funding 1 Loan until the Funding 1 Loan is fully repaid (ii) the NR Loan Tranches, until the amounts outstanding until the NR Loan Tranches are fully repaid;
- (k) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (l) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (m) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements.



# **SIXTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 29 APRIL 2016**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**LAW DEBENTURE TRUST COMPANY OF NEW YORK**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider**  
**and Account Bank B)**

**and**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
**(as Account Bank A)**

**STRUCTURED FINANCE MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE (UK) LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS SIXTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 29 April 2016

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Account Bank B**);
- (5) **THE BANK OF NEW YORK MELLON, ACTING THROUGH ITS LONDON BRANCH** whose principal office is at 40th Floor, One Canada Square, London E14 5AL, in its capacity as account bank in the case of the Funding 1 Transaction Account (**Account Bank A** and a **New Funding 1 Secured Creditor**);
- (6) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Loan Provider** and a **New Funding 1 Secured Creditor**);
- (7) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (8) **FOSSE TRUSTEE (UK) LIMITED**, (registered number 07210492) 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**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010, 21 April 2011, 27 April 2012 and 19 August 2013) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander

UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

- (D) Pursuant to a supplement to the Mortgages Trust Deed dated on or around the date hereof (the **Supplemental Mortgages Trust Deed**) entered into by, amongst others, Fosse Trustee Limited as Mortgages Trustee, Fosse Trustee (UK) Limited was appointed in place of Fosse Trustee Limited as trustee of the Mortgages Trust with effect from 29 April 2016 and the Trust Property vested in Fosse Trustee (UK) Limited as Mortgages Trustee.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

- 1.1 The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011, 27 April 2012, 19 August 2013, 9 October 2014 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 27 April 2012, 23 May 2012 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2 This Deed shall be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.

- 1.3 On and from the Part VII Effective Date, the Existing Funding 1 Deed of Charge shall be construed as if Santander UK had always been a party to it instead of Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider. Accordingly, on and from the Part VII Effective Date, all rights, liabilities, obligations, powers, trusts, authorities, duties and discretions exercised or performed (or exercisable or performable) by Alliance & Leicester in its capacities as Seller, Cash Manager, Funding 1 Swap Provider and Funding 1 Start-Up Loan Provider under the Existing Funding 1 Deed of Charge prior to the Part VII Effective Date are deemed to have been exercised or performed (or to have been exercisable or performable) by Santander UK. However, the foregoing shall not apply to the extent inconsistent with the Part VII Scheme or to create or diminish any rights, liabilities, obligations, powers, trusts, authorities, duties or discretions or to create or diminish any other assets and liabilities (as to be defined in the Part VII Scheme) otherwise than as provided for in the Part VII Scheme.

## 2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE

- 2.1 With effect from the date hereof, Clause 12.1 the Existing Funding 1 Deed of Charge is modified by adding a new Clause 12.1(g):

“The Funding 1 Security Trustee shall, without the consent of any Funding 1 Secured Creditor, be required to give its consent to any modifications to these presents or any of the other Transaction Documents that are requested by Funding 1 (or the Cash Manager on its behalf), provided that Funding 1 has certified to the Funding 1 Security Trustee in writing that such modifications are required solely for the purposes of enabling the Issuer:

- (i) to remove any one of the Rating Agencies (a **Removed Rating Agency**) from rating any Series and Class of Notes issued on or after 29 April 2016 (and which are not consolidated with and do not form a single Series and Class with any Notes issued prior to such date) (the **New Notes**) together with the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such Removed Rating Agency (an **Existing Rating Agency Removal**) in so far as these relate solely to such Series and Class of New Notes; and/or
- (ii) to reappoint any such Removed Rating Agency or substitute any such Removed Rating Agency for one of the remaining two Rating Agencies to provide a rating in respect of any Series and Class of New Notes and include the then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to the reappointed Rating Agency (an **Existing Rating Agency Reappointment**),

(each of an Existing Rating Agency Removal and an Existing Rating Agency Reappointment, a **Ratings Modification Event**), provided that, in each case and at all times, such Series and Class of New Notes continues to be rated by at least two Rating Agencies, and subject as provided below.

The Funding 1 Secured Creditors shall be deemed to have instructed the Funding 1 Security Trustee to concur in effecting any such Ratings Modification Event and shall be bound by the modifications to the Transaction Documents made for the purpose of implementing such Ratings Modification Event regardless of whether or not such modifications are materially prejudicial to the interests of the Funding 1 Secured Creditors, provided that, the Funding 1 Security Trustee shall not be obliged to agree to any Ratings Modification Event which, in the sole opinion of the Funding 1 Security Trustee, would have the effect of (x) exposing the Funding 1 Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (y) increasing the obligations or duties, or decreasing the protections of the Funding 1 Security Trustee under the Transaction Documents and/or the Conditions.”

### **3. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

### **4. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile or electronic transmission), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile or electronic transmission).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

### **5. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### **6. LAW AND JURISDICTION**

#### **6.1 Governing Law**

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

#### **6.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### 6.3 Waiver of trial by jury

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

#### Funding 1

**EXECUTED as a DEED by** )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
Per pro SFM Directors Limited as Director )  
Per pro SFM Directors (No.2) Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

#### Issuer

**EXECUTED as a DEED by** )  
**FOSSE MASTER ISSUER PLC** )  
Per pro SFM Directors Limited as Director )  
Per pro SFM Directors (No.2) Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

Director/Secretary

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**STRUCTURED FINANCE MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors a director and the secretary )

Director

~~Director~~ Secretary

**Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro SFM Directors Limited as Director )  
Per pro SFM Directors (No.2) Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Account Bank A and New Funding 1 Secured Creditor**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**ACTING THROUGH ITS LONDON BRANCH** )  
acting by its duly authorised signatory )

Witness's signature:

Name:

Address:



**Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro SFM Directors Limited as Director )  
Per pro SFM Directors (No.2) Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Account Bank A and New Funding 1 Secured Creditor**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**ACTING THROUGH ITS LONDON BRANCH** )  
acting by its duly authorised signatory //

Witness's signature:

Name:

Address:

## SEVENTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE

DATED 7 December 2018

BETWEEN

FOSSE FUNDING (NO. 1) LIMITED  
(as Funding 1)

and

FOSSE MASTER ISSUER PLC  
(as Issuer)

and

LAW DEBENTURE TRUST COMPANY OF NEW YORK  
(as Funding 1 Security Trustee and Issuer Security Trustee)

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH

and

SANTANDER UK PLC  
(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider  
and Account Bank B)

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH  
(as Account Bank A)

INTERTRUST MANAGEMENT LIMITED  
(as Corporate Services Provider)

and

FOSSE TRUSTEE (UK) LIMITED  
(as Mortgages Trustee)

**ALLEN & OVERY**

Allen & Overy LLP

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**THIS SEVENTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 7 December 2018

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Intertrust Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017 (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** and referred to in this Deed in its capacity as Funding 1 Security Trustee, as the **Retiring Trustee**);
- (4) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** a New York banking corporation, acting through its London branch, whose address is at One Canada Square, London E14 5AL (**BNYM** and the **New Trustee**);
- (5) **SANTANDER UK PLC** (formerly Abbey National plc) (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Account Bank B**);
- (6) **THE BANK OF NEW YORK MELLON, ACTING THROUGH ITS LONDON BRANCH** whose principal office is at 40th Floor, One Canada Square, London E14 5AL, in its capacity as account bank in the case of the Funding 1 Transaction Account (**Account Bank A** and a **New Funding 1 Secured Creditor**);
- (7) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Loan Provider** and a **New Funding 1 Secured Creditor**);
- (8) **INTERTRUST MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (9) **FOSSE TRUSTEE (UK) LIMITED**, (registered number 07210492) 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**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between, among others, Funding 1 and the Funding 1 Security Trustee and dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010, 21 April 2011, 27 April 2012, 19 August 2013 and 29th April 2016) (the **Existing Funding 1 Deed of Charge**).

- (B) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.
- (C) Pursuant to a supplement to the Mortgages Trust Deed dated 29 April 2016 (the **Supplemental Mortgages Trust Deed**) entered into by, amongst others, Fosse Trustee Limited as Mortgages Trustee, Fosse Trustee (UK) Limited was appointed in place of Fosse Trustee Limited as trustee of the Mortgages Trust with effect from 29 April 2016 and the Trust Property vested in Fosse Trustee (UK) Limited as Mortgages Trustee.
- (D) The Retiring Trustee has ceased to undertake the provision of trustee services in respect of security provided as part of a residential mortgage securitisation transaction and therefore proposes to retire as trustee.
- (E) Funding 1 and the Funding 1 Security Trustee have agreed, pursuant to clause 24.3 of the Note Trust Deed incorporated into the Funding 1 Deed of Charge pursuant to Clause 13.1 of the Funding 1 Deed of Charge, that the Retiring Trustee will appoint the New Trustee as an additional co-trustee.
- (F) After the appointment of the New Trustee, the Retiring Trustee will retire its appointment as Funding 1 Security Trustee.
- (G) Simultaneously with the appointment of the New Trustee as an additional co-trustee in respect of the Existing Funding 1 Deed of Charge, BNYM will also be appointed as an additional co-trustee in respect of the Note Trust Deed and the Issuer Deed of Charge.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

- 1.1 The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties thereto, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011, 27 April 2012, 19 August 2013, 9 October 2014 and 29 April 2016) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties thereto, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 27 April 2012, 23 May 2012 and 29th April 2016) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2 In this Deed:

**Effective Date** means the date of this Deed;

**Funding 1 Trust Property** means any property held by the Retiring Trustee as Funding 1 Security Trustee pursuant to the Funding 1 Deed of Charge;

**Supplemental Issuer Deed of Charge** means a Supplement to the Issuer Deed of Charge of even date between, *inter alios*, the Issuer, the Retiring Trustee and the New Trustee; and

**Supplemental Note Trust Deed** means a supplement to the Note Trust Deed of even date between, *inter alios*, the Issuer, the Retiring Trustee and the New Trustee.

- 1.3 This Deed shall be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.

## **2. APPOINTMENT AND RETIREMENT**

- 2.1 The Retiring Trustee hereby appoints the New Trustee to act as co-trustee in respect of the Funding 1 Deed of Charge to take effect on the Effective Date. Funding 1 confirms and consents to such appointment.
- 2.2 The Retiring Trustee considers the appointment of the New Trustee as an additional co-trustee to be in the interests of the Noteholders and the other Funding 1 Secured Creditors.
- 2.3 With effect on and from the Effective Date, the New Trustee hereby accepts the appointment as trustee under the Funding 1 Deed of Charge.
- 2.4 The New Trustee hereby confirms that it:
- (a) is a Trust Corporation;
  - (b) meets the requirements of Section 26(a)(1) of the U.S. Investment Company Act of 1940;
  - (c) is not an affiliate (as defined in Rule 405 of the Securities Act) of the Funding 1 or of any person involved in the organisation or operation of Funding 1; and
  - (d) does not offer or provide credit or credit enhancement to the Funding 1.
- 2.5 The parties acknowledge that this Supplemental Funding 1 Deed of Charge contains provisions to the effect set forth in Section 26(a)(3) of the U.S. Investment Company Act of 1940.
- 2.6 Subject to the appointment of the New Trustee becoming effective, the Retiring Trustee hereby gives notice to the Issuer of its retirement as Funding 1 Security Trustee in respect of and pursuant to Clause 25 the Note Trust Deed (as incorporated into the Funding 1 Deed of Charge pursuant to Clause 13.1 of the Funding 1 Deed of Charge). Funding 1 accepts such retirement and hereby waives the requirement in Clause 25 of the Note Trust Deed (as incorporated into the Funding 1 Deed of Charge) for three months' notice of any retirement.
- 2.7 Each party hereto agrees that:
- (a) the Retiring Trustee shall have no further liabilities to any other party to the Transaction Documents other than any liabilities which arose under the Transaction Documents prior to the Effective Date and shall have no further obligations or duties to any other party to the Transaction Documents other than any obligations or duties which were due to have been discharged by it prior to the Effective Date; and
  - (b) the New Trustee shall not be liable:

- (i) for any of the acts, omissions or obligations of the Retiring Trustee which were completed or were required to be completed prior to the Effective Date; or
- (ii) for any liabilities of the Retiring Trustee which arose prior to the Effective Date.

2.8 The New Trustee hereby undertakes with each of the other parties to this Deed that, on and from the Effective Date, it will perform in accordance with their terms all those obligations which by the terms of this Deed have been assumed by it as trustee of the trust created under the Funding 1 Deed of Charge.

2.9 Each of the parties hereto acknowledges and agrees that for the purposes of the Funding 1 Agreements, references to the Funding 1 Security Trustee, the Note Trustee and the Issuer Security Trustee shall from the Effective Date be to BNYM (in each case, as appointed pursuant to the terms of this Deed, the Supplemental Issuer Deed of Charge and the Supplemental Note Trust Deed) and that BNYM (as so appointed) shall be entitled to exercise all of the rights of the Funding 1 Security Trustee, the Note Trustee and the Issuer Security Trustee thereunder as if it were a party thereto.

### **3. VESTING OF FUNDING 1 TRUST PROPERTY**

The parties hereto intend the Funding 1 Trust Property to vest in the New Trustee by operation of section 40 of the Trustee Act 1925.

Without prejudice to the vesting of the Funding 1 Trust Property pursuant to section 40 of the Trustee Act 1925, the Retiring Trustee hereby assigns to the New Trustee its whole right, title and interest, present and future, in and to the Funding 1 Trust Property (including its beneficial interest in the Trust Property assigned in its favour pursuant to the Existing Funding 1 Deed of Charge, and all Scottish Trust Property, present and future, comprised therein); and

The New Trustee hereby gives notice of and intimates the assignment and assignation made above to Funding 1 and the Mortgages Trustee as trustee under the Mortgages Trust Deed; and the appointment of the New Trustee as Funding 1 Security Trustee to each of the parties to this Deed.

Funding 1, the Mortgages Trustee and each of the other parties to this Deed acknowledge the notice and intimation given and made above.

### **4. POWER OF ATTORNEY**

The Funding 1 Security Power of Attorney referred to in Clause 14 of the Funding 1 Deed of Charge shall be executed by Funding 1 in favour of the New Trustee in the form set out in the Schedule attached.

### **5. NOTICES**

For the purpose of Clause 24.2 of the Funding 1 Deed of Charge, any notice or demand to the New Trustee to be given, made or served for any purposes shall be in writing and shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas) or facsimile transmission or by delivering it by hand to:

The Bank of New York Mellon, London Branch  
One Canada Square  
London E14 5AL

For the attention of: Trustee Administration Manager

Email: corpsov2@bnymellon.com

Facsimile: + 44 (0) 20 7964 2509

## **6. FURTHER ASSURANCES**

### **6.1 General**

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, including the transfer of all Funding 1 Trust Property from the Retiring Trustee to the New Trustee.

### **6.2 Turnover to the New Trustee**

If at any time after the Effective Date, the Retiring Trustee receives or recovers any sum which should have been paid to the New Trustee, the Retiring Trustee shall hold that amount on trust for the New Trustee and promptly pay that amount to or to the order of the New Trustee or, if this trust cannot be given effect to, the Retiring Trustee shall promptly pay an amount equal to that receipt or recovery to or to the order of the New Trustee. The Retiring Trustee shall not be liable for any liabilities incurred in connection with any incorrectly directed funds transfer unless such liability was directly caused by the Retiring Trustee's fraud, gross negligence or wilful default.

If at any time after the Effective Date, the Retiring Trustee receives any notice which should have been delivered to the New Trustee, the Retiring Trustee shall promptly pass on such notice to the New Trustee.

### **6.3 Transfer and Perfection**

The Retiring Trustee must promptly on request by the New Trustee make available to the New Trustee those documents and records and provide any assistance the New Trustee may reasonably request for the purposes of performing its functions as Funding 1 Security Trustee under the Funding 1 Deed of Charge.

## **7. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

## **8. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by facsimile or electronic transmission), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by facsimile or electronic transmission).



**9. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**10. LAW AND JURISDICTION**

**10.1 Governing Law**

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

**10.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Retiring Trustee, the New Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Retiring Trustee, the New Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

**10.3 Waiver of trial by jury**

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

**Funding 1**

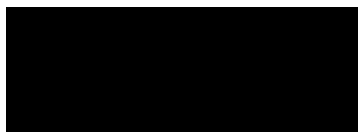
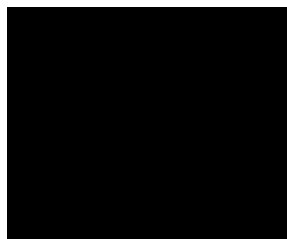
**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:



**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Retiring Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**New Trustee**

**EXECUTED** and **DELIVERED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON, LONDON BRANCH** )  
acting by its authorised signatory )

By:

Duly authorised attorney/signatory

Name:

in the presence of

Witness:

Name:

Address:

**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Retiring Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**New Trustee**

**EXECUTED** and **DELIVERED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON, LONDON BRANCH** )  
acting by its authorised signatory )

By:

Duly authorised attorney/signatory

Name:

in the presence of

Witness:

Name:

Address:

**Issuer**

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Retiring Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )  
**LAW DEBENTURE TRUST COMPANY OF** )  
**NEW YORK** )  
acting by its duly authorised attorney )

in the presence of


Witness's signature:

Name:

Address:

**New Trustee**

**EXECUTED** and **DELIVERED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON, LONDON BRANCH** )  
acting by its authorised signatory )

By:   
Duly authorised attorney/signatory  
Name:

in the presence of

Witness:

Name:

Address:


**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

)  
)  
)

in the presence of

Witness's Signature:

Name:

Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by  
**INTERTRUST MANAGEMENT**  
**LIMITED**  
acting by two  
directors/a director and the secretary

)  
)  
)  
)  
)

Director

Director/Secretary

**Mortgages Trustee**

**EXECUTED** as a **DEED** by  
**FOSSE TRUSTEE (UK) LIMITED**  
Per pro Intertrust Directors 1 Limited as Director  
Per pro Intertrust Directors 2 Limited as Director

)  
)  
)  
)

in the presence of

Witness's Signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
Funding 1 Loan Provider and New Funding 1 Secured Creditor**

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

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED as a DEED by** )  
**INTERTRUST MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director

~~Director~~/Secretary

**Mortgages Trustee**

**EXECUTED as a DEED by** )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

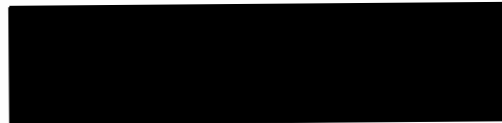
Name:

Address:

**Account Bank A and New Funding 1 Secured Creditor**

**EXECUTED as a DEED by**  
**THE BANK OF NEW YORK MELLON,**  
**ACTING THROUGH ITS LONDON BRANCH**  
acting by its duly authorised signatory

)  
)  
)  
)



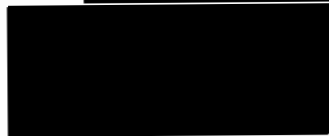
Witness's signature:



Name:



Address:



## SCHEDULE

### FORM OF FUNDING 1 SECURITY POWER OF ATTORNEY

**THIS POWER OF ATTORNEY** is made on 7 December 2018 by **FOSSE FUNDING (NO. 1) LIMITED** (registered number 5925696) whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Principal**).

#### WHEREAS:

- (1) By virtue of a deed of charge (the **Funding 1 Deed of Charge**) dated 28 November 2006 (as amended) between, *inter alios*, the Principal, the Issuer, the Funding 1 Security Trustee, the Issuer Security Trustee, the Seller, the Cash Manager, the Funding 1 Account Bank, the Funding 1 Swap Provider, the Funding 1 Start-Up Loan Provider, the Corporate Services Provider and the Mortgages Trustee, (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney.
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Funding 1 Deed of Charge.

#### NOW THIS POWER OF ATTORNEY WITNESSETH:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Funding 1 Deed of Charge appoints The Bank of New York Mellon, London Branch and any other person or persons for the time being the security trustee or security trustees of and under the Funding 1 Deed of Charge (the **Attorney**) and any receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case bona fide necessary for the protection or preservation of the Attorney's interests and rights in and to the Funding 1 Charged Property or which ought to be done under the covenants, undertakings and provisions contained in the Funding 1 Deed of Charge on or at any time after the service of an Intercompany Loan Acceleration Notice or in any other circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9.4 (Power of Sale) to 9.10 (Scottish Trust Property) (inclusive) of the Funding 1 Deed of Charge including (without limitation) any or all of the following:
  - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Funding 1 Security and/or the Funding 1 Charged Property or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done; and
  - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Funding 1 Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that



Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefor.

2. In favour of the Attorney, any Receiver and/or Administrator and/or Substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a Substitute in the purported exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns.
3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or Substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.
4. The provisions of Clause 3 shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney.
5. The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or Substitute carried out or purported to be carried out under the terms hereof.
6. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or Substitute shall properly and lawfully do or cause to be done in and concerning the Funding 1 Security Trustee's, the Funding 1 Security and/or the Funding 1 Charged Property.

**IN WITNESS WHEREOF** this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written.

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
by two directors, being )  
Intertrust Directors 1 Limited and )  
Intertrust Directors 2 Limited )

# **EIGHTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED 13 SEPTEMBER 2019**

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
**(as Funding 1)**

**and**

**FOSSE MASTER ISSUER PLC**  
**(as Issuer)**

**and**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
**(as Funding 1 Security Trustee and Issuer Security Trustee)**

**and**

**SANTANDER UK PLC**  
**(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider**  
**and Account Bank B)**

**and**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
**(as Account Bank A)**

**INTERTRUST MANAGEMENT LIMITED**  
**(as Corporate Services Provider)**

**and**

**FOSSE TRUSTEE (UK) LIMITED**  
**(as Mortgages Trustee)**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS EIGHTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 13 September 2019

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Intertrust Management Limited, 35 Great St. Helen's, London EC3A 6AP (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);
- (3) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, acting through its offices at One Canada Square, London E14 5AL (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Account Bank B**);
- (5) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** acting through its offices at One Canada Square, London E14 5AL, in its capacity as account bank in the case of the Funding 1 Transaction Account (**Account Bank A**);
- (6) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Loan Provider**);
- (7) **INTERTRUST MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP (acting in its capacity as the **Corporate Services Provider**); and
- (8) **FOSSE TRUSTEE (UK) LIMITED**, (registered number 07210492) 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**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge originally dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010, 21 April 2011, 27 April 2012, 19 August 2013, 29 April 2016 and 7 December 2018) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of

Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

- (D) Pursuant to a supplement to the Mortgages Trust Deed dated on or around 29 April 2016 (the **Supplemental Mortgages Trust Deed**) entered into by, amongst others, Fosse Trustee Limited as Mortgages Trustee, Fosse Trustee (UK) Limited was appointed in place of Fosse Trustee Limited as trustee of the Mortgages Trust with effect from 29 April 2016 and the Trust Property vested in Fosse Trustee (UK) Limited as Mortgages Trustee.
- (E) Pursuant to the supplemental funding 1 deed of charge (the **Supplemental Funding 1 Deed of Charge**), the supplemental issuer deed of charge (the **Supplemental Issuer Deed of Charge**) and the supplemental note trust deed (the **Supplemental Note Trust Deed**) each dated 7 December 2018, entered into by, amongst others, Law Debenture Trust Company of New York and The Bank of New York Mellon, London Branch, The Bank of New York Mellon, London Branch was appointed in place of Law Debenture Trust Company of New York as Funding 1 Security Trustee, Issuer Security Trustee and Note Trustee with effect from 7 December 2018.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

- 1.1 The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011, 27 April 2012, 19 August 2013, 9 October 2014, 29 April 2016 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 27 April 2012, 23 May 2012, 29 April 2016 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2 This Deed shall be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.

## **2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

### **2.1 Securitisation Regulation**

- 2.2 The parties hereto agree that, with effect on and from the date hereof, the Existing Funding 1 Deed of Charge shall be modified by adding a new clause 5.6 as follows:

#### **“5.6 Securitisation Regulation (Article 21.4(d))**

Each of the parties to this Deed acknowledges that no provision of this Deed shall require upon default of the Issuer the automatic liquidation by the Security Trustee of the Funding 1 Charged Property.”

- 2.3 The parties hereto agree that, with effect on and from the date hereof, the Existing Funding 1 Deed of Charge shall be modified by adding a new clause 4.7 as follows:

**“4.7 Securitisation Regulation (Article 7 requirements)”**

- (a) The Seller agrees with the Master Issuer, Funding 1 and the Mortgages Trustee that it will be responsible for compliance with the requirements of Article 7 of the Securitisation Regulation provided that the Seller will not be in breach of such undertaking if the Seller fails to so comply due to events, actions or circumstances beyond the Seller's control.
- (b) Each of the Issuer, Funding 1, the Mortgages Trustee and the Cash Manager covenant to take all such steps as are reasonably requested by the Seller, at the cost of the Seller, to enable the Seller to comply with the requirements of Article 7 of the Securitisation Regulation.”

**2.4 Base Rate Modifications**

The parties hereto agree that, with effect on and from the date hereof, the Existing Funding 1 Deed of Charge shall be modified by adding a new clause 12.1(h) as follows:

**“12.1(h) Base Rate Modifications**

The Funding 1 Security Trustee shall, without the consent of any Funding 1 Secured Creditor, be required to give its consent to any modifications to these presents or any of the other Transaction Documents that are requested in relation to a Base Rate Modification (as defined in Clause 12.7 (*Additional Right of Modification*) of the Note Trust Deed), irrespective of whether such modifications are materially prejudicial to the interests of any Funding 1 Secured Creditor, if directed to so consent by the Note Trustee in accordance with Clause 12.7 (*Additional Right of Modification*) of the Master Issuer Trust Deed.

The Funding 1 Secured Creditors shall be deemed to have instructed the Funding 1 Security Trustee to concur with such modifications and shall be bound by such modifications regardless of whether or not such modifications are materially prejudicial to the interests of the Funding 1 Secured Creditors.”

**2.5 Funding 1 Pre-Acceleration Revenue Priority of Payments**

With effect from the date hereof the Existing Funding 1 Deed of Charge is modified by replacing Part 1 (Funding 1 Pre-Acceleration Revenue Priority of Payments) of Schedule 4 (Funding 1 Priority of Payments) thereof with the wording appearing at Schedule 1.

**2.6 Funding 1 Post-Acceleration Priority of Payments**

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing Part 3 (Funding 1 Post-Acceleration Priority of Payments) of Schedule 4 (Funding 1 Priority of Payments) thereof with the wording appearing at 0.

**3. FUNDING AGREEMENT**

Funding 1 and the Funding 1 Security Trustee hereby agree that this Deed shall be a Funding 1 Agreement.

#### **4. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

#### **5. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts (including by email), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by email).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

#### **6. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 or the Contract (Third Party Rights) (Scotland) Act 2017 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from those Acts.

#### **7. LAW AND JURISDICTION**

##### **7.1 Governing Law**

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

##### **7.2 Submission to jurisdiction**

Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### 7.3 Waiver of trial by jury

Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.

#### Funding 1

**EXECUTED** as a **DEED** by )  
**FOSSE FUNDING (NO. 1) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness Signature:

Name:

Address:

#### Issuer

**EXECUTED** as a **DEED** by )  
**FOSSE MASTER ISSUER PLC** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness Signature

Name:

Address:



**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )

**THE BANK OF NEW YORK MELLON,** )  
**LONDON BRANCH** )

acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B, and Funding 1 Loan Provider**

**EXECUTED** as a **DEED** by )

**SANTANDER UK PLC** )

acting by its duly authorised attorney: )

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )

**INTERTRUST MANAGEMENT** )

**LIMITED** )

acting by two )

directors/a director and the secretary )

Director

Director/Secretary

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )

**THE BANK OF NEW YORK MELLON,** )

**LONDON BRANCH** )

acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
and Funding 1 Loan Provider**

**EXECUTED** as a **DEED** by )

**SANTANDER UK PLC** )

acting by its duly authorised attorney: )

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )

**INTERTRUST MANAGEMENT** )

**LIMITED** )

acting by two )

directors/a director and the secretary )

Director

Director/Secretary

**Funding 1 Security Trustee and Issuer Security Trustee**

**EXECUTED** as a **DEED** by )

**THE BANK OF NEW YORK MELLON,** )  
**LONDON BRANCH** )

acting by its duly authorised attorney )

in the presence of

Witness's signature:

Name:

Address:

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B,  
and Funding 1 Loan Provider**

**EXECUTED** as a **DEED** by )

**SANTANDER UK PLC** )

acting by its duly authorised attorney: )

in the presence of

Witness's Signature:

Name:

Address

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )

**INTERTRUST MANAGEMENT** )

**LIMITED** )

acting by two )

directors/a director and the secretary )

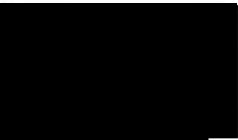
Director

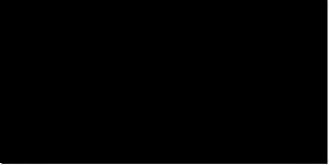
~~Director~~/Secretary

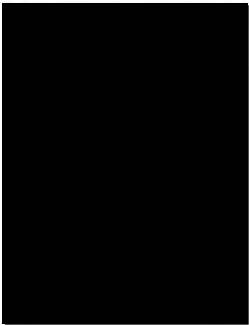


**Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of   
Witness's Signature:

Name:   
Address: 



**Account Bank A**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**LONDON BRANCH** )  
acting by its duly authorised signatory )

Witness's signature:  
  
Name:  
  
Address:

**Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

in the presence of

Witness's Signature:

Name:

Address:

**Account Bank A**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**LONDON BRANCH** )  
acting by its duly authorised signatory )

Witness's signature:

Name:

Address:

## **SCHEDULE 1**

### **FUNDING 1 PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS**

#### **1. Calculation of Funding 1 Available Revenue Receipts**

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Interest Payment Date in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments.

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (e) inclusive, (g), (j), (l) and (n) of the Funding 1 Pre-Acceleration Revenue Priority of Payments.

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Interest Payment Date.

Funding 1 may only apply Funding 1 Principal Receipts towards covering a revenue shortfall on:

- (a) the AA Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the AA Loan Tranches;
- (b) the A Loan Tranches to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the A Loan Tranches;
- (c) the BBB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BBB Loan Tranches; and
- (d) the BB Loan Tranches, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 100 per cent. of the Outstanding Principal Amount of the BB Loan Tranches.

Funding 1 Principal Receipts may not be used to pay interest on any Loan Tranche if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Funding 1 Principal Deficiency Sub-Ledger relating to a Loan Tranche with a higher rating designation.

## 2. **Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice**

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Initial Closing Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Interest Payment Date prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (e) inclusive, (g), (j), (l) and (n) below, amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Acceleration Revenue Priority of Payments**):

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge;
  - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Acceleration Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Acceleration Priority of Payments; and
  - (iii) to pay amounts due to any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any chargeable income or gain of Funding 1;

and then towards payment to Funding 1 of an amount equal to the sum of (1) £1,250 and (2) an amount equal to the aggregate of £1,250 per annum in respect of each previously occurring Funding 1 Interest Payment Date to the extent that such amount was not paid in accordance with this paragraph (a) on such Funding 1 Interest Payment Date or any subsequently occurring Funding 1 Interest Payment Date;

- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts, if any, due and payable (together with any VAT thereon) to each of Account Bank A and Account Bank B under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings;

- (iv) [RESERVED]; and
- (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) to pay amounts due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for amounts drawn thereunder to make Funding 1 Liquidity Facility Principal Payments and any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under each relevant Funding 1 Swap Agreement (including termination payments but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA Loan Tranches;
- (f) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA Loan Tranches;
- (h) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Liquidity Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (c) above of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (i) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (j) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the A Loan Tranches;
- (k) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (l) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB Loan Tranches;
- (m) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (n) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the BB Loan Tranches;
- (o) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger;
- (p) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider (but excluding any Issuer Swap Excluded Termination Amount);



- (q) (to the extent any Rated Notes are outstanding) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the General Reserve Required Amount, taking into account any net replenishment of the General Reserve Fund on that Funding 1 Interest Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) above of the relevant Funding 1 Pre-Acceleration Principal Priority of Payments);
- (r) towards a credit to pro rata and pari passu (i) the NR Principal Deficiency Sub-Ledger and (ii) the Funding 1 Loan Principal Deficiency Sub-Ledger, in an amount sufficient to eliminate any debit thereon;
- (s) without priority among them but in proportion to the respective amounts due, towards payment of interest due and payable on the (i) the Funding 1 Loan and (ii) the NR Loan Tranches;
- (t) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount;
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments;
  - (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any termination amount due and payable by Funding 1 under each relevant Funding 1 Swap Agreement (the Funding 1 Swap Excluded Termination Amounts); and
  - (iv) to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) of Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement);
- (u) [RESERVED];
- (v) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements; and
- (w) toward payment of any Deferred Contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed.

## SCHEDULE 2

### FUNDING 1 POST-ACCELERATION PRIORITY OF PAYMENTS

The Cash Manager will apply amounts received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 or, as applicable, the Funding 1 Security Trustee will apply amounts received or recovered following the enforcement of the Funding 1 Security in accordance with the following order of priority (the **Funding 1 Post-Acceleration Priority of Payments**) on the date of receipt or recovery of such amounts:

- (a) without priority among them but in proportion to the respective amounts due:
  - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge; and
  - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments following an Intercompany Loan Acceleration;
- (b) without priority among them but in proportion to the respective amounts due:
  - (i) towards payment of amounts (if any) due to each of Account Bank A and Account Bank B under the terms of the Funding 1 Bank Account Agreement;
  - (ii) towards payment of amounts, if any, due and payable (together with any VAT thereon) to the Cash Manager under the terms of the Cash Management Agreement;
  - (iii) to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement in relation to Funding 1 and Holdings; and
  - (iv) [RESERVED]; and
  - (v) towards payment of amounts, if any, due and payable (together with any VAT thereon) to Santander UK under the terms of a Secretarial Services Agreement;
- (c) towards payment of amounts (if any) due to the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility Agreement (if established) (except for any Funding 1 Liquidity Facility Subordinated Amounts);
- (d) towards payment of amounts (if any) due to the Funding 1 Swap Provider under each relevant Funding 1 Swap Agreement (including any termination payment but excluding any Funding 1 Swap Excluded Termination Amount);
- (e) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AAA Loan Tranches;
- (f) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the AA Loan Tranches;
- (g) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the A Loan Tranches;

- (h) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BBB Loan Tranches;
- (i) without priority among them but in proportion to the respective amounts due, towards payments of interest, principal and fees due and payable on the BB Loan Tranches;
- (j) in no order of priority among them and ranking *pro rata* and *pari passu*, to repay (i) any amount due under the Funding 1 Loan until the Funding 1 Loan is fully repaid (ii) the NR Loan Tranches, until the amounts outstanding until the NR Loan Tranches are fully repaid;
- (k) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider;
- (l) without priority among them but in proportion to the respective amounts due, to pay (without double counting):
  - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate);
  - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments;
  - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider default or a Funding 1 Swap Provider Downgrade Termination Event; and
  - (iv) the Funding 1 Liquidity Facility Provider under the Funding 1 Liquidity Facility (if established) and any Funding 1 Liquidity Facility Subordinated Amounts (as agreed under the terms of the Funding 1 Liquidity Facility Agreement); and
- (m) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the Funding 1 Start-up Loan Provider under the Funding 1 Start-up Loan Agreements.

# **NINTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE**

**DATED** 29 July 2021

**BETWEEN**

**FOSSE FUNDING (NO. 1) LIMITED**  
(as Funding 1)

and

**FOSSE MASTER ISSUER PLC**  
(as Issuer)

and

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
(as Funding 1 Security Trustee and Issuer Security Trustee)

and

**SANTANDER UK PLC**  
(as Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider  
and Account Bank B)

and

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
(as Account Bank A)

**INTERTRUST MANAGEMENT LIMITED**  
(as Corporate Services Provider)

and

**FOSSE TRUSTEE (UK) LIMITED**  
(as Mortgages Trustee)

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**THIS NINTH SUPPLEMENTAL FUNDING 1 DEED OF CHARGE** is made on 29 July 2021

**BETWEEN:**

- (1) **FOSSE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 5925696), whose registered office is at c/o Intertrust Management Limited, 1 Bartholomew Lane, London, EC2N 2AX (**Funding 1**);
- (2) **FOSSE MASTER ISSUER PLC**, a public limited company incorporated in England and Wales (registered number 5925693), whose registered office is 1 Bartholomew Lane, London, EC2N 2AX (the **Issuer**);
- (3) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, acting through its offices at One Canada Square, London E14 5AL (acting in its capacities as **Funding 1 Security Trustee** and **Issuer Security Trustee** which expressions include such companies and all other persons or companies for the time being acting as trustee and security trustee under this Deed and the Issuer Deed of Charge respectively);
- (4) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-Up Loan Provider** and **Account Bank B**);
- (5) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** acting through its offices at One Canada Square, London E14 5AL, in its capacity as account bank in the case of the Funding 1 Transaction Account (**Account Bank A**);
- (6) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated in England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Funding 1 Loan Provider**);
- (7) **INTERTRUST MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (registered number 03853947), whose registered office is at 1 Bartholomew Lane, London, EC2N 2AX (acting in its capacity as the **Corporate Services Provider**); and
- (8) **FOSSE TRUSTEE (UK) LIMITED**, (registered number 07210492) 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**).

**BACKGROUND:**

- (A) This Deed is supplemental to the Funding 1 Deed of Charge originally dated 28 November 2006 (as supplemented and amended on 1 August 2007, 11 March 2010, 21 April 2011, 27 April 2012, 19 August 2013, 29 April 2016, 7 December 2018 and 13 September 2019) (the **Existing Funding 1 Deed of Charge**).
- (B) The parties have agreed to supplement and amend the Existing Funding 1 Deed of Charge pursuant to this Supplemental Funding 1 Deed of Charge.
- (C) Pursuant to a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Part VII Scheme**), all of Alliance & Leicester's business was transferred to Santander UK. The Part VII Scheme was approved by the Part VII Order and became effective on 28 May 2010 (the **Part VII Effective Date**). Following the approval of the Part VII Scheme which provided

for the transfer of the Existing Funding 1 Deed of Charge, all accrued rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge and all future rights and obligations of Alliance & Leicester in its capacities as a Funding 1 Secured Creditor under the Existing Funding 1 Deed of Charge were transferred to, and vested in or became liabilities of (as applicable), Santander UK on Part VII Effective Date.

- (D) Pursuant to a supplement to the Mortgages Trust Deed dated on or around 29 April 2016 (the **Supplemental Mortgages Trust Deed**) entered into by, amongst others, Fosse Trustee Limited as Mortgages Trustee, Fosse Trustee (UK) Limited was appointed in place of Fosse Trustee Limited as trustee of the Mortgages Trust with effect from 29 April 2016 and the Trust Property vested in Fosse Trustee (UK) Limited as Mortgages Trustee.
- (E) Pursuant to the supplemental funding 1 deed of charge (the **Supplemental Funding 1 Deed of Charge**), the supplemental issuer deed of charge (the **Supplemental Issuer Deed of Charge**) and the supplemental note trust deed (the **Supplemental Note Trust Deed**) each dated 7 December 2018, entered into by, amongst others, Law Debenture Trust Company of New York and The Bank of New York Mellon, London Branch, The Bank of New York Mellon, London Branch was appointed in place of Law Debenture Trust Company of New York as Funding 1 Security Trustee, Issuer Security Trustee and Note Trustee with effect from 7 December 2018.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

- 1.1 The master definitions and construction schedule signed by, amongst others, the Issuer and dated 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties to this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 6 December 2011, 27 April 2012, 19 August 2013, 9 October 2014, 29 April 2016, 13 September 2019, 25 September 2019, 30 April 2020 and the date hereof) (the **Master Definitions and Construction Schedule**) and the issuer master definitions and construction schedule, signed by, amongst others, the Issuer and dated on 28 November 2006 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties this Deed, including on 1 August 2007, 20 December 2007, 23 November 2009, 11 March 2010, 21 April 2011, 27 April 2012, 23 May 2012, 29 April 2016, 13 September 2019 and the date hereof) (the **Issuer Master Definitions and Construction Schedule**) are expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule and the Issuer Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals thereto.
- 1.2 This Deed shall be construed in accordance with the rules of construction set out in the Master Definitions and Construction Schedule.

## **2. AMENDMENT OF THE EXISTING FUNDING 1 DEED OF CHARGE**

### **2.1 UK Securitisation Regulation**

- 2.2 The parties hereto agree that, with effect on and from the date hereof, the Existing Funding 1 Deed of Charge shall be modified by deleting and replacing in its entirety clause 4.7 as follows:

#### **“4.7 UK Securitisation Regulation (Article 7 requirements)**

- (a) The Seller agrees with the Issuer, Funding 1 and the Mortgages Trustee that it will be responsible for compliance with the requirements of Article 7 of the UK Securitisation

Regulation provided that the Seller will not be in breach of such undertaking if the Seller fails to so comply due to events, actions or circumstances beyond the Seller's control.

- (b) Each of the Issuer, Funding 1, the Mortgages Trustee and the Cash Manager covenant to take all such steps as are reasonably requested by the Seller, at the cost of the Seller, to enable the Seller to comply with the requirements of Article 7 of the UK Securitisation Regulation."

2.3 The parties hereto agree that, with effect on and from the date hereof, the Existing Funding 1 Deed of Charge shall be modified by adding a new clause 4.8 as follows:

**"4.8 EU Securitisation Regulation**

In respect of any Series of Notes for which the Seller has given an EU Securitisation Regulation Undertaking, (i) for so long as each Class of such Series of Notes is outstanding or (ii) 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 Transparency Requirements will also satisfy the EU Transparency Requirements due to the application of an equivalency regime or similar analogous concept, the Seller shall procure the publication of:

- (a) a quarterly investor report (in the form prescribed as at the New Closing Date of such Series of Notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the New Closing Date of such Series of Notes, as otherwise adopted by the Seller from time to time) on each Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) in accordance with Article 7(1)(e) of the EU Securitisation Regulation as such regulation is in force at the New Closing Date of such Series of Notes;
- (b) certain loan-by-loan information in relation to the Portfolio as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation as such regulation is in force as at the New Closing Date of such Series of Notes (in the form prescribed as at the New Closing Date of such Series of Notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the New Closing Date of such Series of Notes, as otherwise adopted by the Seller from time to time) on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above); and
- (c) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as such regulation is in force as at the New Closing Date of such Series of Notes) without delay.

Each of the Issuer, Funding 1, the Mortgages Trustee and the Cash Manager covenant to take all such steps as are reasonably requested by the Seller, at the cost of the Seller, to enable the Seller to comply with its obligations under this clause 4.8.

In respect of any Series of Notes for which the Seller has not given an EU Securitisation Regulation Undertaking, the Seller shall provide information to the Noteholders (in whatever form or report it determines at its discretion) about which of the modalities provided for in Article 6(3) of the EU Securitisation Regulation is being applied."



- 2.4 The parties hereto agree that, with effect on and from the date hereof, the Principal Deed shall be modified by adding a new clause 24.5 as follows:

**"24.5 Electronic Means**

In no event shall the Security Trustee be liable for any losses arising from the Security Trustee receiving or transmitting any data to the Issuer or acting upon any notice, instruction or other communications via any Electronic Means (save where such losses are incurred as a result of any negligence or wilful default of the Security Trustee). The Security Trustee has no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer.

For these purposes, Electronic Means shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorisation codes, passwords and/or authentication keys issued by the Security Trustee, or another method or system specified by the Security Trustee as available for use in connection with its services hereunder."

- 2.5 The parties hereto agree that, with effect on and from the date hereof, the Principal Deed shall be modified by adding a new clause 30 as follows:

**"30 SANCTIONS**

(a) The Issuer covenants and represents that neither they nor any of their affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (OFAC)), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively Sanctions).

(b) The Issuer covenants and represents that neither they nor any of their affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Deed, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person and as if those Sanctions applied to the Issuer."

**3. FUNDING AGREEMENT**

Funding 1 and the Funding 1 Security Trustee hereby agree that this Deed shall be a Funding 1 Agreement.

**4. SUPPLEMENTAL**

Save as expressly amended by this Deed, the Existing Funding 1 Deed of Charge shall remain in full force and effect and the security created thereunder and all of the other rights, powers, obligations and immunities comprised therein and arising pursuant thereto shall remain in full force and effect notwithstanding this Deed. The Existing Funding 1 Deed of Charge and this Deed shall henceforth be read and construed as one document and references in the Existing Funding 1 Deed of Charge to "this Deed" shall be read as references to the Existing Funding 1 Deed of Charge as supplemented and amended by this Deed.

## 5. COUNTERPARTS

This Deed may be executed and delivered in any number of counterparts (including by email), all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart (including by email).

This Deed (in relation to any rights or assets situated in Scotland or otherwise governed by Scots law) shall be fully effective and binding on Funding 1 upon at least one copy of this Deed having been delivered by Funding 1, notwithstanding that this Deed has not then been executed and delivered by any other party thereto or that such other party has executed or executes or has delivered or delivers a counterpart to this Deed.

## 6. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 or the Contract (Third Party Rights) (Scotland) Act 2017 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from those Acts.

## 7. LAW AND JURISDICTION

### 7.1 Governing Law

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

### 7.2 Submission to jurisdiction

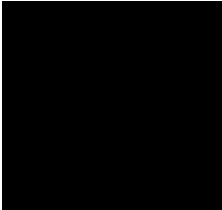
Funding 1 irrevocably agrees for the benefit of the Funding 1 Security Trustee and the other Funding 1 Secured Creditors that the English courts have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) and accordingly submits to the exclusive jurisdiction of the English courts. Funding 1 waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Funding 1 Security Trustee and the other Funding 1 Secured Creditors may take any suit, action or proceeding arising out of or in connection with this Deed (and any non-contractual obligations arising out of or in connection with it) (together referred to as **Proceedings**) against Funding 1 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

7.3      **Waiver of trial by jury**


Each party waives any right it may have to a jury trial of any claim or cause of action in connection with this Deed or any transaction contemplated by this Deed. This Deed may be filed as a written consent to trial by court.

**THIS DEED** has been executed as a deed by each of the parties and delivered on the date stated at the beginning of this Deed.


**Funding 1**

<b>EXECUTED as a DEED by</b>	)	
<b>FOSSE FUNDING (NO. 1) LIMITED</b>	)	
Per pro Intertrust Directors 1 Limited as Director	)	
Per pro Intertrust Directors 2 Limited as Director	)	

**Issuer**

<b>EXECUTED as a DEED by</b>	)	
<b>FOSSE MASTER ISSUER PLC</b>	)	
Per pro Intertrust Directors 1 Limited as Director	)	
Per pro Intertrust Directors 2 Limited as Director	)	

**Funding 1 Security Trustee and Issuer Security Trustee**

<b>EXECUTED as a DEED by</b>	)	
<b>THE BANK OF NEW YORK MELLON,</b>	)	
<b>LONDON BRANCH</b>	)	
acting by its duly authorised signatory	)	

**Seller, Cash Manager, Funding 1 Swap Provider, Funding 1 Start-up Loan Provider, Account Bank B, and Funding 1 Loan Provider**

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

in the presence of  
Witness's Signature:

Name:   
Address:

**Funding 1 Corporate Services Provider**

**EXECUTED** as a **DEED** by )  
**INTERTRUST MANAGEMENT** )  
**LIMITED** )  
acting by two )  
directors/a director and the secretary )

Director  
Director/Secretary

**Mortgages Trustee**

**EXECUTED** as a **DEED** by )  
**FOSSE TRUSTEE (UK) LIMITED** )  
Per pro Intertrust Directors 1 Limited as Director )  
Per pro Intertrust Directors 2 Limited as Director )

**Account Bank A**

**EXECUTED** as a **DEED** by )  
**THE BANK OF NEW YORK MELLON,** )  
**LONDON BRANCH** )  
acting by its duly authorised signatory )