SCOTTISH DECLARATION OF TRUST

by

ABBEY NATIONAL plc

in favour of

ABBEY COVERED BONDS LLP

Re: Scottish Loans and Related Security

2005
FMB.A00521.1005
FAS NO 7646

TODS MURRAY LLP
SOLICITORS

66 Queen Street Edinburgh EH2 4NE
Tel 0131 226 4771 Fax 0131 225 3676 DX ED58
Also at: 33 Bothwell Street Glasgow G2 6NL Tel 0141 275 4771 Fax 0141 275 4781 DX 512815-Glasgow Central
Email maildesk@todsmurray.com
www.todsmurray.com

DECLARATION OF TRUST

by

ABBEY NATIONAL plc, a public limited company incorporated under the laws of England and Wales (registered number 2294747) and having its registered office at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (the **Seller**);

in favour of

ABBEY COVERED BONDS LLP, established under the Limited Liability Partnerships Act 2000 (registered number OC312644) and having its registered office at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**);

WHEREAS:-

(A) Title to the Scottish Trust Property aftermentioned is held by and vested in the Seller;

(B) In terms of a mortgage sale agreement entered into among, *inter alios*, the Seller, the LLP and Deutsche Trustee Company Limited dated 3 June 2005 (the **Mortgage Sale Agreement**) the Seller has agreed to sell the said Scottish Trust Property to the LLP; and

(C) In implement of Clause 3.1 of the Mortgage Sale Agreement and pending the taking of legal title to the said Scottish Trust Property by the LLP, the Seller has undertaken to grant this deed:

NOW THEREFORE the parties HEREBY AGREE and DECLARE as follows:-

1 **Interpretation**

In this deed:-

1.1 words and expressions defined in the master definitions and construction agreement made between, *inter alia*, the parties to the Mortgage Sale Agreement on 3 June 2005 (as the same may be amended, varied or supplemented from time to time, the **Master Definitions and Construction Agreement**) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this deed, including the recitals hereto, and this deed shall be construed in accordance with the interpretation provisions set out in Clause 2 of the said Master Definitions and Construction Agreement; and

1.2 **Scottish Trust Property** shall mean the Scottish Loans and the Scottish Mortgages and other Related Security relative thereto, brief particulars of which Scottish Loans and Related Security are detailed in the Schedule annexed and executed as relative hereto, and all principal sums, including any Further Advances and Flexible Loan Drawings, present or future, interest and expenses comprised therein and secured thereby, together with:-

a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Interest, Capitalised Expenses and Capitalised Arrears) and other sums due or to become due in respect of the said Scottish Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for

all principal moneys, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms;

b) subject where applicable to the subsisting rights of redemption of Borrowers, all MHA Documentation, Deeds of Postponement or any collateral security for the repayment of the relevant Scottish Loans;

c) the right to exercise all the powers of the Seller in relation thereto, subject to and in accordance with the applicable Mortgage Terms but so that, in the case of Scottish Loans which are subject to the ANPLC 1995 Mortgage Conditions, the ANPLC 1995 Scottish Mortgage Conditions or the ANPLC 2002 Mortgage Conditions, the LLP shall not, save as set out in the Servicing Agreement, be entitled to exercise the entitlement set out in condition 29.2 of the ANPLC 1995 Mortgage Conditions or condition 27.2 of the ANPLC 1995 Scottish Mortgage Conditions or condition 27.3 of the ANPLC 2002 Mortgage Conditions (but without prejudice to any other rights under the ANPLC 1995 Mortgage Conditions, the ANPLC 1995 Scottish Mortgage Conditions or the ANPLC 2002 Mortgage Conditions);

d) all the estate and interest in the relevant Scottish Properties vested in the Seller;

e) each relevant Certificate of Title and Valuation Report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such Scottish Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make a Scottish Loan or part thereof;

f) the proceeds of all claims made by or on behalf of the Seller or to which the Seller is entitled under the Buildings Policies and the Properties in Possession Policy in relation to any such Scottish Loans; and

g) prior to the Seller exercising its right to cancel the MIG Policies, so far as they relate to such Scottish Loans and their Related Security, the right to receive the proceeds of any claim under the MIG Policies.

2 **Declaration of Trust**

The Seller hereby DECLARES that from and after the date hereof the Seller holds and subject to Clause 6 hereof, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the LLP and its assignees (whether absolutely or in security) whomsoever.

3 **Intimation**

The Seller hereby intimates to the LLP the coming into effect of the trust hereby declared and created and the LLP by its execution of this deed immediately subsequent to the execution hereof by the Seller acknowledges such intimation.

4 **Dealings with Scottish Trust Property and Negative Pledge**

The Seller warrants and undertakes that:-

4.1 as at the date hereof it holds, subject to any pending registration or recording in the Registers of Scotland, legal title to the Scottish Trust Property unencumbered by any fixed or floating charge, diligence or other Security Interest;

4.2 it shall not create or agree to create any fixed or floating charge or other Security Interest or Encumbrance over or which may attach to or affect the whole or any part of the Scottish Trust Property or otherwise dispose of the same at any time when such Scottish Trust Property or part thereof remains subject to the trust hereby created; and

4.3 it shall deal with the Scottish Trust Property (including without prejudice to said generality the calculation and setting of any interest rate applicable thereto) in accordance with the provisions of the Transaction Documents and the specific written instructions (if any) of the LLP or its foresaids and shall take, subject to Clause 6 hereof, any such action as may be necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property but only in accordance with the specific written instructions (if any) of the LLP or its foresaids and (for so long as it retains any right or interest in the Scottish Trust Property) the Security Trustee.

5 **Transfer of Title**

5.1 The LLP as beneficiary hereunder shall have the right to call upon the Seller to execute and deliver to the LLP, subject to the terms of Clause 6 of the Mortgage Sale Agreement, valid assignations of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Seller or the making of any administration order in respect of the Seller or the appointment of a receiver or administrator to all or any part of the Scottish Trust Property.

5.2 The Seller undertakes to the LLP and binds and obliges itself that, upon the occurrence of any one of the events specified in Clause 6.1 of the Mortgage Sale Agreement, it will within five London Business Days of such occurrence provide such information as is necessary to enable the LLP to complete Scottish Transfers (including all schedules thereto) in relation to the whole of the Scottish Trust Property.

5.3 For further assuring the said rights and powers specified in this Clause 5.3, the Seller has granted a power of attorney in favour of the LLP and the Security Trustee substantially in the form set out in Schedule 5 to the Mortgage Sale Agreement.

6 **Termination of Trust**

If:-

6.1 legal title to any part or parts of the Scottish Trust Property is taken by the LLP in accordance with the provisions of Clause 5 hereof (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto in the Registers of Scotland); or

6.2 any part or parts of the Scottish Trust Property forms the subject of a repurchase or sale in accordance with the terms of Clauses 7.4, 8.6 or 11.4 of the Mortgage Sale Agreement;

the trust hereby declared and created shall (but only when any of the events or transactions before stated has been completed irrevocably, validly and in full) *ipso facto* fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

7 **Change of Trustee**

Except with the prior consent of the LLP and (for so long as it retains any right or interest in the Scottish Trust Property) the Security Trustee, the Seller shall not be entitled to resign office as a trustee or assume a new trustee or trustees under this deed.

8 **Variation**

This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the LLP or its foresaids and (for so long as it retains any right or interest in the Scottish Trust Property) the Security Trustee.

9 **Governing Law**

This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

10 **Registration**

The parties hereto consent to the registration of these presents for preservation:

IN WITNESS WHEREOF these presents typewritten on this and the preceding three pages together with the Schedule annexed hereto are executed for and on behalf of the Seller and the LLP at London on Eighth June Two Thousand and Five as follows:-

SUBSCRIBED for and on behalf of the said
ABBEY NATIONAL plc

by its attorney CHARLES SHEPHERD
(Attorney – Abbey National plc)

T.C.R. Shepherd
(Attorney Signature)

before this witness:

ALEXANDER JAMES PEERE
(full name)

ONE BUNHILL ROW
(address)

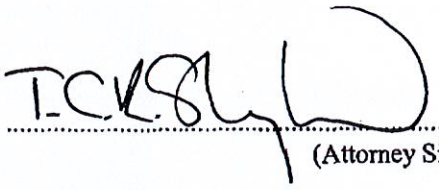
LONDON EC1Y 8YY

(Witness Signature)

SUBSCRIBED for and on behalf of the said
ABBEY COVERED BONDS LLP

by Abbey Covered Bonds (LM) Limited
as a Member of Abbey Covered Bonds LLP

by its attorney CHARLES SHEPHERD
(Attorney – Abbey Covered Bonds (LM) Limited)


(Attorney Signature)

before this witness:

ALEXANDER JAMES PEEKE
(full name)

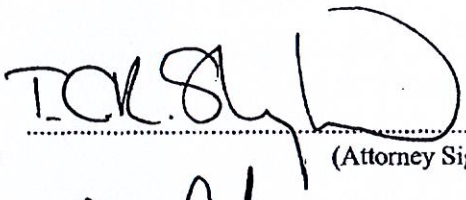
(Witness Signature)

ONE BUNHILL ROW
(address)

LONDON EC1Y 8YY

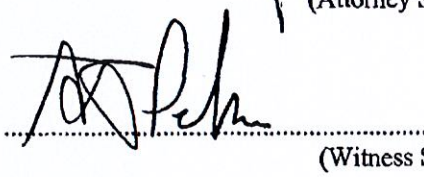
and by Abbey National plc
as a Member of Abbey Covered Bonds LLP

by its attorney CHARLES SHEPHERD
(Attorney – Abbey National plc)


(Attorney Signature)

before this witness:

ALEXANDER JAMES PEEKE
(full name)


(Witness Signature)

ONE BUNHILL ROW
(address)

LONDON EC1Y 8YY