

**THIS AGREEMENT** is made on the 26th July, 2000

**BETWEEN:**

- (1) **SPV MANAGEMENT LIMITED** (registered number 2548079) whose business address is at 78 Cannon Street, London EC4P 5LN (**'SPV'**);
- (2) **HOLMES HOLDINGS LIMITED** (registered number 3689577) whose registered office is at Abbey House, Baker Street, London NW1 6XL (**'Holdings'**);
- (3) **HOLMES TRUSTEES LIMITED** (registered number 3982431) whose registered office is at Abbey House, Baker Street, London NW1 6XL (the **'Mortgages Trustee'**);
- (4) **HOLMES FUNDING LIMITED** (registered number 3982428) whose registered office is at Abbey House, Baker Street, London NW1 6XL (**'Funding'**);
- (5) **HOLMES FINANCING (NO. 1) PLC** (registered number 3946294) whose registered office is at Abbey House, Baker Street, London NW1 6XL (the **'First Issuer'**);
- (5) **PECOH LIMITED** (registered number 3982397) whose registered office is at Abbey House, Baker Street, London NW1 6XL (**'PECOH'**) and, together with the Mortgages Trustee, Funding and the First Issuer, the **'Companies'**);
- (6) **ABBEY NATIONAL PLC** (registered number 2294747), a public limited company incorporated under the laws of England and Wales, whose registered office is at Abbey House, Baker Street, London NW1 6XL (**'ANPLC'**); and
- (7) **THE CHASE MANHATTAN BANK, LONDON BRANCH** whose principal office is at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the **'Security Trustee'** which expression shall include such person and all other persons for the time being acting as trustee or trustees under the Trust Deed).

**WHEREAS:**

- (A) SPV in its own right and SPV and Martin McDermott (a director of SPV, Holdings, the Mortgages Trustee, Funding, the First Issuer and PECO) jointly are the registered holders of the whole of the issued share capital of Holdings.
- (B) Martin McDermott is jointly registered with Holdings as the holder of one share in each of the Mortgages Trustee, Funding, the First Issuer and PECO.

- (C) SPV has agreed with the other parties to this Agreement to provide certain corporate and personnel services to the Companies as described below.

IT IS HEREBY AGREED as follows:

## 1. Definitions and Interpretation

The Master Definitions Schedule and the First Issuer Master Definitions Schedule, both signed for the purposes of identification by Allen & Overy and Slaughter and May on 26th July, 2000 (as the same may be amended, varied or supplemented from time to time with the consent of the parties hereto) are expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions Schedule and the First Issuer Master Definitions Schedule (as so amended, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the meanings in this Agreement, including the Recitals hereto, and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Master Definitions Schedule and the First Issuer Master Definitions Schedule.

In the event of a conflict between the Master Definitions Schedule and the First Issuer Master Definitions Schedule, the First Issuer Master Definitions Schedule shall prevail.

## 2. Share Trusteeship

### 2.1 Holdings

(A) Pursuant to a declaration of trust dated 11th February, 1999, a letter dated 9th June, 2000 from Piers Minoprio to (and countersigned by) Martin McDermott and SPV Management Limited and a share transfer dated 9th June, 2000 transferring one share in Holdings from SPV and Piers Minoprio to SPV and Martin McDermott (together, the "**First Declaration of Trust**"), SPV and Martin McDermott jointly hold one share in the share capital of Holdings on a fixed trust for SPV in its own right.

(B) Pursuant to a declaration of trust dated 17th February, 1999 (the "**Second Declaration of Trust**") SPV holds the entire beneficial interest in the issued share capital of Holdings on a discretionary trust for the Discretionary Objects (as defined in the Second Declaration of Trust).

### 2.2 The Mortgages Trustee

Pursuant to a declaration of trust dated 21st June, 2000 (the "**Third Declaration of Trust**"), Martin McDermott holds his

interest in one jointly owned share in the share capital of the Mortgages Trustee on a fixed trust for Holdings.

### 2.3 Funding

Pursuant to a declaration of trust dated 21st June, 2000 (the **``Fourth Declaration of Trust``**), Martin McDermott holds his interest in one jointly owned share in the share capital of Funding on a fixed trust for Holdings.

### 2.4 The First Issuer

Pursuant to a declaration of trust dated 21st June, 2000 (the **``Fifth Declaration of Trust``**), Martin McDermott holds his interest in one jointly owned share in the share capital of the First Issuer on a fixed trust for Holdings.

### 2.5 PECO

Pursuant to a declaration of trust dated 21st June, 2000 (the **``Sixth Declaration of Trust``**), Martin McDermott holds his interest in one jointly owned share in the share capital of PECO on a fixed trust for Holdings.

## 3. Nomination of Directors Prior to Service of an Enforcement Notice

### 3.1 Entitlement to Nominate

Prior to the service of an Enforcement Notice and for so long as this Agreement remains in force:

- (A) ANPLC is entitled to nominate one person willing to serve in the capacity of director of the Mortgages Trustee, one person willing to serve in the capacity of director of Funding, one person willing to serve in the capacity of director of the First Issuer and one person willing to serve in the capacity of director of PECO (and, in each case, ANPLC shall be deemed to have so nominated Andrew Barton as its first nominee in such capacity); and
- (B) SPV is entitled to nominate two persons willing to serve in the capacity of director of the Mortgages Trustee, two persons willing to serve in the capacity of director of Funding, two persons willing to serve in the capacity of director of the First Issuer and two persons willing to serve in the capacity of director of PECO (and, in each case, shall be deemed to have so nominated SPV and Martin McDermott as its first nominees in such capacity) and nothing herein shall prevent SPV from nominating itself as a corporate director of any of the above companies.

### **3.2 Appointor**

In relation to any person nominated or deemed to be nominated under clause 3.1 above or clause 3.3 below, whichever of ANPLC or SPV nominated that person is referred to below as that person's ``appointor''.

### **3.3 Resignation or Retirement of Director**

Each appointor hereby confirms to the other that, if the person nominated or deemed to be nominated by it should resign or retire or for any other reason cease to act as director of any of the Companies, it will promptly:

- (A) procure that such director shall acknowledge in writing that he has no claim of any nature whatsoever against the relevant Company;
- (B) nominate another person willing to act in the relevant capacity; and
- (C) procure the consent of that other person to act in that capacity.

### **3.4 Acceptance of Appointment and Payment**

Each appointor shall procure that each of the persons respectively nominated or deemed to be nominated by it from time to time as provided above accepts the relevant appointment and acts in the relevant capacity without fee or remuneration (including, for the avoidance of doubt, upon resignation or retirement) from any of the Companies, save that nothing in this Agreement shall prejudice the right of SPV to be remunerated for its services under clause 6 below.

### **3.5 Composition of Boards**

SPV undertakes and agrees:

- (A) subject to its duties and obligations as trustee under the First Declaration of Trust and the Second Declaration of Trust and subject to clause 4.5, that it shall exercise its rights as a shareholder of Holdings and all rights and powers vested in it under the Articles of Association of Holdings so as to procure that the board of directors of each of the Companies comprises at all times one nominee of ANPLC (provided that ANPLC shall have nominated a person to

such office) and two nominees of SPV, as provided under clause 3.1 above; and

- (B) to procure that, subject to his duties under the First Declaration of Trust, the Third Declaration of Trust, the Fourth Declaration of Trust, the Fifth Declaration of Trust and the Sixth Declaration of Trust, Martin McDermott (and any successor shareholder) shall exercise his rights as a shareholder of Holdings and each of the Companies and all rights and powers vested in him under the Articles of Association of Holdings and each of the Companies so as to procure that the board of directors of each of the Companies comprises at all times one nominee of ANPLC (provided that ANPLC shall have nominated a person to such office) and two nominees of SPV, as provided under clause 3.1 above.

#### **4. Nomination of Directors after Service of a First Issuer or Intercompany Loan Enforcement Notice**

##### **4.1 Rights and Powers upon a First Issuer Enforcement Notice**

In the event that a First Issuer Enforcement Notice is served on the First Issuer, Holdings shall exercise its rights as a joint holder with Martin McDermott (and any successor shareholder) of one share in the First Issuer and as sole beneficial owner of forty-nine thousand nine hundred and ninety-nine shares in the First Issuer and the rights and powers vested in it under the Articles of Association of the First Issuer so as to procure that:

- (A) such new or additional directors of the First Issuer as the Security Trustee shall direct shall be duly appointed; and
- (B) such of the directors nominated pursuant to clauses 3.1 or 3.3 above as the Security Trustee requests shall tender their resignation, if so requested by the Security Trustee,

and nothing shall prevent the Security Trustee from nominating itself for appointment as a director of the First Issuer.

##### **4.2 Rights and Powers upon an Intercompany Loan Enforcement Notice**

In the event that an Intercompany Loan Enforcement Notice is served on Funding, Holdings shall exercise its rights as a joint holder with Martin McDermott (and any successor shareholder) of one share in Funding and as sole beneficial owner of one share

in Funding and the rights and powers vested in it under the Articles of Association of Funding so as to procure that:

- (A) such new or additional directors of Funding as the Security Trustee shall direct shall be duly appointed; and
- (B) such of the directors nominated pursuant to clauses 3.1 or 3.3 above as the Security Trustee requests shall tender their resignation, if so requested by the Security Trustee,

and nothing shall prevent the Security Trustee from nominating itself for appointment as a director of Funding.

#### **4.3 Nominees**

In the event that a First Issuer Enforcement Notice is served on the First Issuer, Holdings shall procure that, subject to his duties under the Fifth Declaration of Trust, Martin McDermott (and any successor shareholder) ensures that the results described in clause 4.1 are achieved.

In the event that an Intercompany Loan Enforcement Notice is served on Funding, Holdings shall procure that, subject to his duties under the Fourth Declaration of Trust, Martin McDermott (and any successor shareholder) ensure that the results described in clause 4.2 are achieved.

#### **4.4 Terms of Appointment**

Any director nominated or appointed pursuant to clauses 4.1 or 4.2 above shall be appointed upon such terms (including reasonable remuneration) as may be agreed between its appointees and the Security Trustee.

#### **4.5 Requests of the Security Trustee**

For so long as SPV and SPV and Martin McDermott (and any successor shareholder) jointly are the registered holders of the whole of the issued share capital of Holdings, and in the event (but only in the event) that the provisions of clauses 4.1 or 4.2 above apply, SPV undertakes and agrees, subject to its duties and obligations as trustee under the First Declaration of Trust and the Second Declaration of Trust, to comply and shall procure that subject to his duties under the First Declaration of Trust, the Third Declaration of Trust, the Fourth Declaration of Trust, the Fifth Declaration of Trust and the Sixth Declaration of Trust, Martin McDermott (and any successor

shareholder) complies, with all reasonable requests of the Security Trustee as to:

- (A) the exercise of its and/or Martin McDermott's (and any successor shareholder's) rights as shareholder of Holdings; and
- (B) all rights and powers vested in it and/or Martin McDermott (and any successor shareholder) under the Articles of Association of Holdings,

in relation to the appointment and/or removal from office by Holdings of any of the directors of Funding or the First Issuer.

#### **4.6 Resignation**

In the event that a First Issuer Enforcement Notice is served on the First Issuer, any appointment of a director in office at such time validly made pursuant to clauses 3.1 or 3.3 above shall continue to be effective in accordance with the provisions of this Agreement unless and until such director has resigned pursuant to clause 4.1(B) above.

In the event that an Intercompany Loan Enforcement Notice is served on Funding, any appointment of a director in office at such time validly made pursuant to clauses 3.1 or 3.3 above shall continue to be effective in accordance with the provisions of this Agreement unless and until such director has resigned pursuant to clause 4.2(B) above.

## 5. Confidentiality

SPV shall not, and hereby undertakes to procure that each person nominated or deemed to be nominated as director of any of the Companies by it pursuant to clause 3 shall not, and that Piers Minoprio (and any successor shareholder) shall not (regardless of whether or not such person shall still be in office or is still a shareholder), at any time disclose to any person, firm or company whatsoever, and shall treat as confidential, any information relating to the business, finances or other matters of ANPLC, or any of the Companies, which it or he may have obtained as a result of (in the case of SPV) its role under this Agreement or as employer or principal to any such director or shareholder and (in the case of any such director or shareholder) his or its position as director or shareholder of any of the Companies, or otherwise have become possessed, and SPV shall use its best endeavours to prevent any such disclosure, provided however that the provisions of this clause shall not apply:

- (A) to the disclosure of any information already known to the recipient;
- (B) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of such disclosure being made in breach of this clause 5, or as a result of the unauthorised or improper conduct of the recipient;
- (C) to the extent that disclosure is required pursuant to any law or order of any court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or taxation authority (including, but without limitation to, any official bank examiners or regulators or the United Kingdom Listing Authority or the London Stock Exchange plc);
- (D) to the disclosure of any information to professional advisers who receive the information under a duty of confidentiality;
- (E) to the disclosure of any information with the consent of the parties hereto; and
- (F) to the disclosure of any information to the Security Trustee,

and SPV hereby agrees to indemnify and hold harmless ANPLC, the Security Trustee and each of the Companies on an after tax basis for all losses, damages, expenses, costs, claims and charges arising from or caused by any disclosure of information by any of SPV, Martin McDermott (and any successor shareholder) or any director nominated by it, which disclosure is made contrary to the provisions of this clause.

## **6. Remuneration**

### **6.1 Initial Fee**

SPV shall be entitled to an initial fee of £17,500 (together with VAT thereon) in consideration of the services provided by it under this Agreement, to be borne by Funding, payment of which shall be made on the Initial Closing Date.

### **6.2 Remuneration for provision of directors**

For so long as any director nominated by SPV is in office, SPV shall be entitled to remuneration for the services provided by it under this Agreement of £12,500 per annum (together with VAT thereon).

(A) The remuneration payable pursuant to this clause 6.2 shall be borne by Funding and payable as to £3,125 (together with VAT thereon) quarterly in advance on each Interest Payment Date if, on the relevant Interest Payment Date, SPV, in respect of the Companies, has at least one director in office appointed pursuant to clauses 3.1(B) or 3.3 of this Agreement.

(B) The payment in respect of the Interest Payment Date falling in October, 2000 shall be made on the Initial Closing Date.

## **7. Covenant by Holdings**

Holdings hereby covenants with the Security Trustee that it shall not sell, charge, exchange, transfer or otherwise deal in the shares which it holds in the First Issuer at any time prior to the Final Redemption relating to the First Issuer without the prior written consent of the Security Trustee.

## **8. No Recourse Against Employees, Officers or Directors**

The obligations of SPV under this Agreement and the obligations of each of the Companies under the Transaction Documents are solely the corporate obligations of SPV and the relevant Companies. No recourse shall be had in respect of any obligation or claim arising out of or based upon this Agreement or any of the Transaction Documents against any employee, officer or director of SPV save where the claim, demand, liability, cost or expense in connection therewith arises from the negligence, wilful default or breach of duty of such employee, officer or director.

**9. Termination**

9.1 In respect of rights and obligations relating to the First Issuer under this Agreement, such rights and obligations shall terminate automatically on the date falling 90 days after all First Issuer Secured Obligations are discharged in full.

9.2 This Agreement shall terminate automatically on the date falling 90 days after the termination of the Mortgages Trust Deed.

**10. Non-Assignment**

The rights and obligations of the parties hereto are personal and, save in the case of (i) Funding in accordance with the Funding Deed of Charge and (ii) the First Issuer in accordance with the First Issuer Deed of Charge, shall not be capable of assignment, except that the Security Trustee may assign its rights hereunder to any successor trustee or trustees under the Trust Deed.

**11. Governing Law**

This Agreement is governed by, and shall be construed in accordance with, the laws of England.

**12. The Security Trustee**

The Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under this Agreement but shall have no obligation or liability whatsoever to any of the parties under or arising from or by virtue of the Security Trustee joining as a party to this Agreement.

SIGNED by the authorised representative of the parties hereto the day and year first before written.

SIGNED by ) R. G. BAKER  
for and on behalf of ) as alternate for  
**SPV MANAGEMENT LIMITED** ) A. F. RAIKES

SIGNED by ) MARTIN McDERMOTT  
for and on behalf of )  
**HOLMES HOLDINGS LIMITED** )

SIGNED by ) MARTIN McDERMOTT  
for and on behalf of )  
**HOLMES TRUSTEES LIMITED** )

SIGNED by ) MARTIN McDERMOTT  
for and on behalf of )  
**HOLMES FUNDING LIMITED** )

SIGNED by ) MARTIN McDERMOTT  
for and on behalf of )  
**HOLMES FINANCING (NO. 1) PLC** )

SIGNED by ) MARTIN McDERMOTT  
for and on behalf of )  
**PECOH LIMITED** )

SIGNED by ) IAN HARLEY  
for and on behalf of )  
**ABBEY NATIONAL PLC** )

SIGNED by ) TREVOR HEARN  
for and on behalf )  
**THE CHASE MANHATTAN BANK, LONDON** )  
**BRANCH** )

CONFORMED COPY

Dated 26th July, 2000

SPV MANAGEMENT LIMITED  
and

HOLMES HOLDINGS LIMITED  
and

HOLMES TRUSTEES LIMITED  
and

HOLMES FUNDING LIMITED  
and

HOLMES FINANCING (NO. 1) PLC  
and

PECOH LIMITED  
and

ABBAY NATIONAL PLC  
and

THE CHASE MANHATTAN BANK, LONDON BRANCH

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CORPORATE SERVICES AGREEMENT

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Slaughter and May,  
35 Basinghall Street,  
London EC2V 5DB.  
(MSXH/PML)

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