

EXECUTION COPY

PROGRAMME AGREEMENT

DATED 17 NOVEMBER, 2006

HOLMES MASTER ISSUER PLC

**RESIDENTIAL MORTGAGE-BACKED NOTE ISSUANCE
PROGRAMME**

ALLEN & OVERY

Allen & Overy LLP

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THIS AGREEMENT is dated 17 November, 2006

BETWEEN:

- (A) **HOLMES MASTER ISSUER PLC** (registered number 5953811), a public limited company incorporated under the laws of England and Wales, whose registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (the **Master Issuer**);
- (B) **ABBEY NATIONAL plc** (registered number 2294747), a bank incorporated under the laws of England and Wales as a public limited company, whose registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (**Abbey**);
- (C) **DEUTSCHE BANK AG, LONDON BRANCH**, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany, acting through its branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB, **CITIGROUP GLOBAL MARKETS LIMITED**, a private limited company incorporated under the laws of England and Wales, acting through its office at Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB, and **BARCLAYS BANK PLC**, a public limited company incorporated under the laws of England and Wales, acting through its office at 1 Churchill Place, Canary Wharf, London E14 4BB (each a **Dealer** and, together, the **Initial Dealers**);
- (D) **HOLMES FUNDING LIMITED** (registered number 3982428), a private limited company incorporated under the laws of England and Wales, whose registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (**Funding**); and
- (E) **HOLMES TRUSTEES LIMITED** (registered number 3689577), a private limited company incorporated under the laws of England and Wales, whose registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN (the **Mortgages Trustee**).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

- 1.1 Capitalised terms used in this Agreement, except where the context otherwise requires and save where otherwise defined herein, shall (a) prior to the Programme Date, have the meaning given to them in the draft amended and restated master definitions schedule initialled for the purposes of identification by Allen & Overy LLP and Slaughter and May on 17 November, 2006 and the draft master issuer definitions and construction schedule initialled for the purposes of identification by Allen & Overy LLP and Slaughter and May on 17 November, 2006 and, (b) as of the Programme Date, have the meaning given to them in the amended and restated master definition and construction schedule to be signed by amongst others, the parties to this Agreement and dated on or about the Programme Date (as the same may be amended, restated or supplemented from time to time with the consent of the parties to this Agreement) (the **Master Definitions and Construction Schedule**) and the master issuer master definitions and construction schedule to be signed for the purposes of identification by Allen & Overy LLP and Slaughter and May on or about the Programme Date (as the same may be amended, restated or supplemented from time to time with the consent of the parties to this Agreement) (the **Master Issuer Master Definitions and Construction Schedule**).

- 1.2 (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an amendment includes a supplement, restatement or novation and amended is to be construed accordingly;
 - (ii) a person includes any individual, company, unincorporated association, government, state agency, international organisation or other entity;
 - (iii) a provision of a law is a reference to that provision as extended, amended or re-enacted;
 - (iv) a clause or appendix is a reference to a clause of, or an appendix to, this Agreement;
 - (v) a person includes its successors and assigns;
 - (vi) a document (including any of the Transaction Documents) is a reference to that document as amended from time to time; and
 - (vii) a time of day is a reference to London time;
- (b) the headings in this Agreement do not affect its interpretation;
- (c) all references in this Agreement to **Euroclear** and/or **Clearstream, Luxembourg** shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Master Issuer, the Note Trustee, the Principal Paying Agent and the Registrar;
- (d) references in this Agreement to **Assignment Date** shall mean each date on which there is a completion of the sale and purchase of a portfolio pursuant to and in accordance with clause 3 or 4 (as applicable) of the Mortgage Sale Agreement;
- (e) references in this Agreement to **Stock Exchange** and **relevant Stock Exchange** shall mean (i) the London Stock Exchange where the Reg S Notes of the relevant Series are, or are to be, admitted to trading on the London Stock Exchange and (ii), where the Reg S Notes of the relevant Series are listed, or are to be listed, on any other stock exchange in a jurisdiction where admission to listing is approved and announced by a regulatory authority other than that stock exchange itself, such stock exchange and the relevant listing authority;
- (f) references in this Agreement to **Listing Rules** shall mean (i) the listing rules made under section 73A of the FSMA in the case of Reg S Notes which are, or are to be admitted to the **Official List** (as that term is defined in section 103 of the FSMA) and (ii), in the case of Reg S Notes which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange, the listing rules and regulations for the time being in force for that Stock Exchange;
- (g) as used herein, in relation to any Notes which are to have a "listing" or to be "listed" (i) on the London Stock Exchange, **listing** and **listed** shall be construed to mean that such Notes have been admitted to the Official List and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market and (ii) on any other Stock Exchange in a jurisdiction within the European Economic Area, **listing** and **listed** shall be construed to mean that the Notes have been admitted to trading on a

market within that jurisdiction which is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC); and

- (h) references in this Agreement to a **Directive** include any relevant implementing measure of each Member State of the European Economic Area which has implemented such Directive.

2. AGREEMENTS TO ISSUE AND PURCHASE NOTES

- 2.1 Subject to the terms and conditions of this Agreement, the Master Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to purchase, Reg S Notes the terms of which will be set out in the relevant Final Terms, which will be read in conjunction with the Base Prospectus.
- 2.2 Unless otherwise agreed between the parties, on each occasion on which the Master Issuer and any Dealer agree on the terms of the issue by the Master Issuer and purchase by the Dealer of one or more Reg S Notes:
 - (a) the Master Issuer shall cause each Series and Class of Reg S Notes, which shall be initially represented by a Reg S Global Note, to be issued and delivered on the agreed Closing Date to The Bank of New York (Depository) Nominees Limited as custodian for, and registered in the name of, a nominee of The Bank of New York, London Branch as common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg on the agreed Closing Date;
 - (b) the securities account of the relevant Dealer (in the case of Reg S Notes issued on a syndicated basis) or the Principal Paying Agent (in the case of Reg S Notes issued on a non-syndicated basis) with Euroclear and/or Clearstream, Luxembourg (as specified by the relevant Dealer) will be credited with the Reg S Notes on the agreed Closing Date; and
 - (c) the relevant Dealer or, as the case may be, the Lead Manager(s) shall, subject to the Reg S Notes being so credited;
 - (i) cause the gross purchase moneys for the Reg S Notes to be paid in the relevant currency or currencies by transfer of funds to such account as the Master Issuer may direct so that the payment is credited to that account for value on the relevant Closing Date with any transfer taxes payable in connection with the sale of the Reg S Notes duly paid by the Master Issuer; and
 - (ii) send a confirmation, or arrange for the Common Depositary to send a confirmation on their behalf, that they (or the Common Depositary on their behalf) have so made such payment to the Master Issuer.
- 2.3 Unless otherwise agreed between the Master Issuer and the relevant Dealer, where more than one Dealer has agreed with the Master Issuer to purchase a particular Series and Class of Reg S Notes under this clause, the obligations of those Dealers to purchase such Series and Class of Reg S Notes shall be joint and several.
- 2.4 Where the Master Issuer agrees with two or more Dealers to issue, and those Dealers agree to purchase, Reg S Notes on a syndicated basis, the Master Issuer shall enter into a Subscription Agreement with those Dealers. The Master Issuer may also enter into a Subscription

Agreement with one Dealer only. For the avoidance of doubt, the **Agreement Date** in respect of any such issue shall be the date on which the Subscription Agreement is signed by or on behalf of all the parties to it.

- 2.5 Each of the parties hereto acknowledges that any issue of Reg S Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply may only be issued in circumstances which comply with those laws, guidelines, regulations, restrictions or reporting requirements from time to time.
- 2.6 The Master Issuer acknowledges and agrees that each Dealer is acting solely pursuant to a contractual relationship with the Master Issuer on an arm's length basis with respect to the issue, offer and sale of the Reg S Notes (including in connection with determining the terms of the issue, offer and sale of the Reg S Notes) and not as a financial advisor or a fiduciary to the Master Issuer or any other person. Additionally, the Master Issuer acknowledges that the Dealers are not advising the Master Issuer or any other person as to, in relation to the issue, offer and sale of the Reg S Notes, any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Master Issuer may consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Dealers shall have no responsibility or liability to the Master Issuer with respect thereto. The Master Issuer further acknowledges and agrees that any review by the Dealers of the Master Issuer, the issue, offer and sale of the Reg S Notes, the terms of the Reg S Notes and any other matters relating thereto will be performed solely for the benefit of the Dealers, and shall not be on behalf of the Master Issuer or any other person. The foregoing is without prejudice to any obligation of the Dealers to make recommendations to the Master Issuer concerning the pricing and allocation of the offering in accordance with applicable rules of the UK Financial Services Authority.
- 2.7 Each Dealer acknowledges that the Master Issuer may sell Reg S Notes issued under the Programme to any institution which has not become a Dealer pursuant to Clause 11. The Master Issuer undertakes to each of the Dealers that it will, in relation to any such sales, comply with the restrictions and agreements set out in Appendix 2 as if it were a Dealer.

3. CONDITIONS OF ISSUE; UPDATING OF LEGAL OPINIONS

3.1 First issue

Before the Master Issuer reaches its first agreement with any Dealer for the issue and purchase of Reg S Notes under this Agreement, each Dealer and each of the Arrangers shall have received, and found satisfactory (in its reasonable opinion), all of the documents and confirmations described in Part 1 of the Initial Documentation List attached as Appendix 1 hereto. Any Dealer must notify each of the Arrangers and the Master Issuer within seven London business days of receipt of the documents and confirmations described in Part 1 of the Initial Documentation List if in its reasonable opinion it considers any document or confirmation to be unsatisfactory and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory.

3.2 Each issue

The obligations of a Dealer under any agreement for the issue and purchase of Reg S Notes made under Clause 2 are conditional on:

- (a) there having been, as at the proposed Closing Date, no event of a type that (i) renders untrue or incorrect any of the representations and warranties contained in Clause 4 as

though the said representations and warranties had been given on the proposed Closing Date with reference to the facts and circumstances prevailing at that date or (ii) causes the failure of the Master Issuer, Funding, the Mortgages Trustee or Abbey to perform each and every covenant to be performed by it pursuant to the Transaction Documents, the Loans and the Related Security on or prior to the proposed Closing Date or (iii) involves a material adverse change or any development involving a prospective material adverse change in the financial or trading condition of any of the Master Issuer, Funding, the Mortgages Trustee or Abbey, which event or condition is not described in the Reg S Prospectus (excluding any amendment or supplement thereto) and the effect of any of which in the judgement of the relevant Dealer makes it impracticable to proceed with the offering, sale or delivery of the Reg S Notes on the terms and in the manner contemplated by this Agreement and the Reg S Prospectus or which in the view of the relevant Dealer has caused a material deterioration in the price and/or value of the Reg S Notes;

- (b) there being no outstanding breach of any of the obligations of the Master Issuer under this Agreement, any of the Transaction Documents or any Reg S Notes which is material in the context of the issue of the Reg S Notes and which has not been expressly waived by the relevant Dealer on or prior to the proposed Closing Date;
- (c) in the case of Reg S Notes which are intended to be listed, the relevant authority or authorities having agreed to list the Reg S Notes, subject only to the issue of the relevant Reg S Notes;
- (d) no meeting of the holders of Reg S Notes (or any of them), called to consider matters which might in the opinion of the relevant Dealer be material in the context of the proposed issue, sale and purchase of the Reg S Notes, having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Master Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;
- (e) there having been, between the Agreement Date and the Closing Date for the Reg S Notes, no action having been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Abbey Governmental Authority (as defined in Clause 4.3(e)) that would prevent the issuance or sale of the Reg S Notes and no injunction or order of any federal, state or foreign court shall have been issued that would prevent the issuance or sale of the Reg S Notes;
- (f) between the Agreement Date and the Closing Date, no downgrading having been publicly announced in the rating of any debt securities or preference shares of, or guaranteed by, Abbey by Standard & Poor's, Moody's or Fitch and no such organisation having publicly announced that it has under surveillance or review (other than an announcement with positive implications of a possible upgrading) its rating of any debt securities or preference shares of, or guaranteed by, Abbey and there having been between the Agreement Date and the Closing Date no downgrading in the rating of any of the Master Issuer's debt securities by Standard & Poor's, Moody's or Fitch or the placing on "Creditwatch" with negative implications or similar publication of formal review by the relevant rating agency;
- (g) the forms of the Final Terms, the applicable Reg S Global Notes, Reg S Notes in definitive form and Receipts, Coupons or Talons (each as applicable) in relation to the relevant Issue, Class and Series and the relevant settlement procedures having

been agreed by the Master Issuer, the relevant Dealer, the Note Trustee, the Principal Paying Agent and the Registrar;

- (h) the relevant currency being accepted for settlement by Euroclear and Clearstream, Luxembourg;
- (i) the delivery to the Registrar, as custodian, of the Reg S Global Notes representing the relevant Reg S Notes;
- (j) any calculations or determinations which are required by the relevant Conditions to have been made prior to the Closing Date having been duly made;
- (k) the denominations of the Reg S Notes being €50,000 (or the equivalent in any other currency as of the date of issue of such Reg S Notes) or more;
- (l) any New Master Issuer Secured Creditor on the proposed Closing Date acceding to the Master Issuer Deed of Charge, by delivering a duly executed accession undertaking (substantially in the form set out in Schedule 3 (Form of Accession Undertaking) to the Master Issuer Deed of Charge);
- (m) any New Funding Secured Creditor on the proposed Closing Date acceding to the Funding Deed of Charge, by delivering a duly executed Deed of Accession pursuant to the Funding Deed of Charge;
- (n) the Master Issuer and the applicable Master Issuer Swap Provider(s) on the proposed Closing Date entering into Master Issuer Swap Agreements in relation to the relevant Reg S Notes;
- (o) the Rule 144A Notes (if any) being issued and subscribed and paid for pursuant to the Initial Purchase Agreement contemporaneously with the issue, subscription and payment for the Reg S Notes hereunder;
- (p) if relevant, all of the steps required by clause 4 of the Mortgage Sale Agreement for the purposes of the sale of a New Portfolio on the applicable Assignment Date (including, without limitation, the assignment of the English Loans and their Related Security to the Mortgages Trustee from Abbey, the creation and effectiveness of the trust in respect of the Scottish Loans and their Related Security pursuant to the relevant Scottish Trust Deed by Abbey in favour of the Mortgages Trustee and, in each case, the related rights to be acquired from Abbey pursuant thereto) having been taken; and
- (q) all consents, licences, approvals or authorisations of, or registrations or filings with, any governmental or other authority or agency required by law to be obtained by the Master Issuer, Abbey, Funding and the Mortgages Trustee in relation to the execution and delivery of the Transaction Documents to which it is a party, the performance of the terms of the Transaction Documents and the creation of the security pursuant to the Deed of Charge having been unconditionally obtained (or being unconditionally obtained by the Closing Date) and being in full force and effect as at the Closing Date.

In the event that any of the above conditions is not satisfied, the relevant Dealer shall be entitled (but not bound) by notice to the Master Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.

3.3 Waiver

Subject to the discretion of the Lead Manager(s) as provided in a Subscription Agreement, any Dealer, on behalf of itself only, may by notice in writing to the Master Issuer waive any of the conditions precedent contained in subclause 3.2 (save for the conditions precedent contained in subclause 3.2(k)) in so far as they relate to an issue of Reg S Notes to that Dealer.

3.4 Updating of legal opinions

On the date of each Issue under the Programme, the Master Issuer (if required by a Dealer) will procure that legal opinions, updating the legal opinions given in respect of the Base Prospectus on the Programme Date and in such form and with such content as the Dealers may reasonably require, are delivered, at the expense of the Master Issuer to the Dealers and the Note Trustee. If at or prior to the time of any agreement to issue and purchase Reg S Notes under Clause 2 such a request is made with respect to the Reg S Notes to be issued, the receipt of the relevant opinion or opinions by the relevant Dealer and the Note Trustee in that form shall be a further condition precedent to the issue of those Reg S Notes to that Dealer.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

4.1 As at the date of this Agreement, the Master Issuer represents, warrants and undertakes to the Dealers and each of them as follows:

(a) Reg S Prospectus

- (i) The Reg S Prospectus contains all information with respect to the Master Issuer, its business, the Master Issuer Notes, the Mortgage Loans, the Related Security, the Mortgages Trust and the Transaction Documents and all other matters which, in each case, is material in the context of the issue and offering of the Master Issuer Notes, or is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Master Issuer and of the rights attaching to the Master Issuer Notes;
- (ii) the statements contained in the Reg S Prospectus relating to the matters referred to in subclause 4.1(a)(i) above are in every material particular true and accurate and not misleading;
- (iii) the opinions and intentions expressed in the Reg S Prospectus are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;
- (iv) there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make any statement contained in the Reg S Prospectus relating to the matters referred to in subclause 4.1(a)(i) above misleading; and
- (v) all reasonable enquiries have been made by the Master Issuer to ascertain such facts and to verify the accuracy of all such information and statements in the Reg S Prospectus.

(b) **Incorporation**

It is a public limited company duly incorporated and validly existing under the laws of England and Wales, with full power and authority necessary to conduct its business as described in the Reg S Prospectus, except where the failure to be so qualified or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the transactions contemplated herein or in the Transaction Documents (a **Master Issuer Material Adverse Effect**) and is lawfully qualified to do business in England and Wales. The Master Issuer has not taken any corporate action nor (to the best of its knowledge and belief) have any other steps been taken or legal proceedings been started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver or similar officer of it or of any or all of its assets or revenues.

(c) **Validity of the Notes**

The creation, sale and issue of the Reg S Notes on, and subject to, the terms of this Agreement and the other Master Issuer Transaction Documents have been duly authorised by the Master Issuer and, when duly executed, authenticated, issued and delivered as provided in the Master Issuer Trust Deed and the Master Issuer Paying Agent and Agent Bank Agreement, the Reg S Notes will constitute valid and legally binding obligations of the Master Issuer, enforceable against the Master Issuer in accordance with their terms, subject to the laws of bankruptcy and other laws affecting the rights of creditors generally, general equitable principles, the time barring of claims and, where a fixed security interest has been granted pursuant to the terms of a deed of charge, the recharacterisation by a relevant court of such security as a floating charge (collectively, the **Enforceability Exceptions**).

(d) **Validity of Transaction Documents**

This Agreement has been duly authorised, executed and delivered by the Master Issuer and constitutes, and the other Transaction Documents to which the Master Issuer is a party have been duly authorised by the Master Issuer and on the Closing Date will constitute, valid and legally binding obligations of the Master Issuer, enforceable in accordance with their respective terms, subject to the Enforceability Exceptions.

(e) **No Violation or Default**

The Master Issuer is not (i) in violation of its Memorandum and Articles of Association; (ii) in default in any material respect, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in its Memorandum and Articles of Association or in any instrument or agreement to which the Master Issuer is a party or by which the Master Issuer is bound or to which any of the property, revenues or assets of the Master Issuer is subject; or (iii) in violation of any applicable law or statute or any judgment, decree, authorisation, order, licence, rule or regulation of any court or governmental agency or any other body or person having jurisdiction over the Master Issuer, or any of its properties (a **Master Issuer Governmental Authority**), except, in the case of clauses (i) and (ii), for any such default or violation that would not, individually or in the aggregate, have a Master Issuer Material Adverse Effect.

(f) No Conflicts with Existing Instruments

The authorisation of the Reg S Notes and the Rule 144A Notes and the security therefor under the Master Issuer Deed of Charge, the offering and issue of the Reg S Notes or the Rule 144A Notes on the terms and conditions of this Agreement or the Initial Purchase Agreement (as applicable) and as described in the Reg S Prospectus and the US Prospectus, and the execution, delivery and performance by the Master Issuer of each of the Transaction Documents, the issuance and sale of the Reg S Notes on the terms set forth in this Agreement and compliance by the Master Issuer with the terms thereof will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Master Issuer (other than those created in, or imposed by, the Transaction Documents themselves) pursuant to, any indenture, mortgage, trust deed, loan agreement or other agreement or instrument to which the Master Issuer is a party or by which the Master Issuer is bound or to which any of the property or assets of the Master Issuer is subject, (ii) conflict with, or result in any violation of, any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of the Master Issuer or any agreement or instrument to which the Master Issuer is a party or by which any of its property is bound or (iii) result in the violation of any applicable law or statute or any judgement, decree, license, authorisation, rule, notification, order or regulation of any Master Issuer Governmental Authority, except, in the case of clauses (i) and (ii), for any such conflict, breach or violation that would not, individually or in the aggregate, have a Master Issuer Material Adverse Effect.

(g) Consents

- (i) All consents, approvals, authorisations and other orders of all United Kingdom regulatory authorities required for the issue and offering of the Rule 144A Notes and the Reg S Notes or in connection with the execution and performance of the transactions contemplated by the Transaction Documents to which it is a party or the compliance by the Master Issuer with the terms of the Rule 144A Notes, the Reg S Notes and the Transaction Documents to which it is a party as the case may be, except for those which have been, or will prior to the Closing Date be taken, fulfilled or done, are, or will on the Closing Date be, in full force and effect.
- (ii) No consent, licence, notification, approval, authorisation, order, registration or qualification of or with any Master Issuer Governmental Authority is required for the execution, delivery and performance by the Master Issuer of each of the Transaction Documents, the issuance and sale of the Reg S Notes and compliance by the Master Issuer with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents, except for those which have been fulfilled or done and which are in full force and effect other than registrations required pursuant to section 395 of the Companies Act 1985.
- (iii) No consent, license, notification, approval, authorisation, order, registration or qualification of or with any governmental authority in the United States is required for the execution, delivery and performance by the Master Issuer of each of the Transaction Documents, the issuance and sale of the Rule 144A Notes and compliance by the Master Issuer with the terms thereof and the consummation of the transactions contemplated by such Transaction

Documents, except for such consents, approvals, authorisations, orders and registrations or qualifications as may be required under applicable state securities or similar laws in connection with the purchase and distribution of the Rule 144A Notes by the Initial Purchasers.

(h) Legal Proceedings

Except as described in the Reg S Prospectus, there are no legal, arbitration, governmental or regulatory investigations, actions, suits or proceedings pending to which the Master Issuer is a party or to which any property of the Master Issuer is subject that, individually or in the aggregate, if determined adversely to the Master Issuer, could reasonably be expected to have a Master Issuer Material Adverse Effect; to the best knowledge of the Master Issuer, no such investigations, actions, suits or proceedings are threatened or contemplated by any Master Issuer Governmental Authority or threatened by others.

(i) No Fiduciary Duty

The Master Issuer acknowledges that the purchase and sale of the Reg S Notes pursuant to this Agreement is an arm's length commercial transaction between the Master Issuer on the one hand and the Dealers on the other. The Dealers are acting as principal and not as a fiduciary to, or an agent of, the Master Issuer. Additionally, the Master Issuer agrees that it is responsible for making its own judgments in connection with the offering of the Reg S Notes irrespective of whether any of the Dealers has advised the Master Issuer on related matters. No Arranger or Dealer is advising the Master Issuer, Funding, the Mortgages Trustee, Abbey or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Master Issuer may consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby and agrees that it will not claim that the Dealers owe an agency or fiduciary duty to the Master Issuer in connection with the transactions contemplated by this Agreement or the process leading thereto.

(j) Representations and Warranties in the Transaction Documents

The representations and warranties of the Master Issuer contained in the Transaction Documents to which it is a party are true and accurate.

(k) Taxation

Save as described in the legal opinions referred to in the Initial Documentation List, or the legal opinions subsequently delivered pursuant to Clause 3.4 or in the Reg S Prospectus, the US Prospectus or any other prospectus published in respect of the Programme, no stamp or other similar duty is assessable or payable in the United Kingdom, and no withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer or turnover taxes, customs or other duties or taxes of any kind in connection with the authorisation, execution or delivery of the Transaction Documents or with the authorisation, issue, sale or delivery of the Reg S Notes and (except as disclosed in the Reg S Prospectus) the performance of the Master Issuer's, Funding's and/or, as the case may be, the Mortgages Trustee's obligations under the Transaction Documents and the Reg S Notes. This warranty does not apply to any United Kingdom corporation tax which may be levied,

collected, withheld or assessed in connection with the authorisation, execution, performance or delivery of the Transaction Documents or with the authorisation, issue, sale or delivery of the Reg S Notes.

(l) Events of Default

No event has occurred or circumstance arisen which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a Note Event of Default as set out in the Conditions of the Notes.

(m) No Subsidiaries

The Master Issuer has no subsidiaries or subsidiary undertakings within the meanings of sections 258 and 736 of the Companies Act 1985.

(n) No Activities

The Master Issuer has not engaged in any activities since its incorporation other than (i) those incidental to any registration or re-registration as a public limited company under the Companies Acts 1985 and 1989 and various changes to its name, directors, secretary, registered office, accounting reference date and Memorandum and Articles of Association; (ii) the authorisation and execution of the Transaction Documents to which it is a party; (iii) the activities referred to or contemplated in the Transaction Documents to which it is a party or in the Reg S Prospectus and (iv) the authorisation and issue by it of Notes and the publication of prospectuses in connection with the Programme. The Master Issuer has not (other than as set out in the Reg S Prospectus) prepared any accounts (other than in connection with its re-registration as a public limited company) and has neither paid any dividends nor made any distributions since the date of its incorporation.

(o) Prospectus Rules

The Base Prospectus (i) has been approved by the UK Listing Authority as an approved prospectus for the purposes of section 85(2) of the FSMA; (ii) complies with the Prospectus Rules made under Part VI of the FSMA (the **Prospectus Rules**) and Listing Rules; and (iii) has been published and made available to the public in accordance with the Prospectus Rules.

(p) No Prior Security

Save as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge, assignment or other charge on or over the assets of the Master Issuer and, other than the Transaction Documents and the Funding Transaction Documents, the Master Issuer has not entered into any indenture or trust deed.

(q) Security for the Notes

Subject to the Reservations as to matters of English law only in the Allen & Overy LLP legal opinion(s) and Scots law only in the Tods Murray LLP legal opinion(s) as to the enforcement of security (and, for the avoidance of doubt, excluding from such Reservations the factual assumptions on which they are made (including the assumptions as to the solvency of the Master Issuer)), but subject to Reservations 5 and 7 of the Allen & Overy LLP legal opinion(s), the Master Issuer has created the

following security interests in the Master Issuer Deed of Charge: (i) an assignment by way of first fixed security of the Master Issuer's right, title, interest and benefit in the Master Intercompany Loan Agreement, the Master Issuer Swap Agreements, the Funding Deed of Charge (as amended by the First Deed of Accession to the Funding Deed of Charge, the Second Deed of Accession to the Funding Deed of Charge, the Third Deed of Accession to the Funding Deed of Charge, the Fourth Deed of Accession to the Funding Deed of Charge, the Amended and Restated Funding Deed of Charge, the First Deed of Accession to the Amended and Restated Funding Deed of Charge, the Second Deed of Accession to the Amended and Restated Funding Deed of Charge, the Third Deed of Accession to the Amended and Restated Funding Deed of Charge and the Fourth Deed of Accession to the Amended and Restated Funding Deed of Charge, and as further acceded to or amended on or before the Closing Date), the Master Issuer Trust Deed, the Master Issuer Paying Agent and Agent Bank Agreement, the Master Issuer Cash Management Agreement, the Master Issuer Corporate Services Agreement, the Master Issuer Bank Account Agreement, the Master Issuer Post-Enforcement Call Option Agreement and any other of the Transaction Documents to which the Master Issuer is a party; (ii) an assignment by way of first ranking fixed charge (which may take effect as a floating charge) over the Master Issuer Bank Accounts; (iii) a first ranking fixed charge (which may take effect as a floating charge) over the Master Issuer's right, title, interest and benefit to any authorised investments made with moneys standing to the credit of any of the Master Issuer Bank Accounts; and (iv) a first ranking floating charge over the whole of the assets and undertaking of the Master Issuer which are not otherwise effectively subject to any fixed charge or assignment by way of security but extending over all the Master Issuer's Scottish assets.

(r) **Capitalisation**

The authorised capital of the Master Issuer is as set out in the Reg S Prospectus.

(s) **United States Restrictions**

None of the Master Issuer, its affiliates (as defined in Rule 501 under the Securities Act) or persons (other than any Dealer, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act (**Regulation S**)) in respect of the Reg S Notes; moreover, the Master Issuer, its affiliates and any person (other than any Dealer, as to whom no representation or warranty is made) acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S.

(t) **United States Income Tax**

The Master Issuer has not engaged and will not engage in any activities in the United States (directly or through agents), has not derived and will not derive any income from United States sources as determined under the U.S. Internal Revenue Code of 1986, as amended (the **Code**), and has not held, does not currently hold and will not hold any property that would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under the Code.

(u) **Investment Company Act**

The Master Issuer is not and, after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Reg S Prospectus, will not be an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, **Investment Company Act**).

(v) **Financial Condition**

Since the date of incorporation of the Master Issuer, there has been no change nor any development or event involving a prospective change of which the Master Issuer is, or might reasonably be expected to be, aware which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of the Master Issuer.

4.2 As at the date of this Agreement, each of Funding and the Mortgages Trustee severally represents, warrants and undertakes (in respect of itself only) to the Dealers and each of them that (except, in the case of the Mortgages Trustee, as to the matters set out in 4.2(l) or 4.2(n) below):

(a) **Reg S Prospectus**

- (i) The Reg S Prospectus contains all information with respect to the Mortgages Trustee and Funding, its business, the Mortgage Loans, the Related Security, the Mortgages Trust and the Transaction Documents to which Funding or the Mortgages Trustee are a party which, in each case, is material in the context of the issue and offering of the Notes, or is necessary to enable investors to make an informed assessment of the rights attaching to the Notes;
- (ii) the statements contained in the Reg S Prospectus relating to the matters referred to in subclause 4.2(a)(i) above are in every material particular true and accurate and not misleading;
- (iii) the opinions and intentions expressed in the Reg S Prospectus relating to Funding or the Mortgages Trustee are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;
- (iv) there are no other facts relating to Funding or the Mortgages Trustee, the omission of which would, in the context of the issue and offering of the Notes, make any statement contained in the Reg S Prospectus relating to the matters referred to in subclause 4.2(a)(i) above misleading; and
- (v) all reasonable enquiries have been made by Funding and the Mortgages Trustee to ascertain such facts and to verify the accuracy of all such information and statements relating to Funding and the Mortgages Trustee in the Reg S Prospectus.

(b) **Incorporation and Good Standing**

Each of Funding and the Mortgages Trustee has been duly incorporated and is validly existing under the laws of England and Wales, with full right, power and authority to

conduct its business as described in the Reg S Prospectus, except where the failure to be so qualified or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the transactions contemplated herein or in the Transaction Documents (a **Mortgages Trustee Material Adverse Effect** or a **Funding Material Adverse Effect**, as the case may be), and is lawfully qualified to do business in England and Wales and it has not taken any corporate action nor (to the best of its knowledge and belief) have any other steps been taken or legal proceedings been started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver or similar officer of it or of any or all of its assets or revenues.

(c) **Validity of Transaction Documents**

This Agreement has been duly authorised, executed and delivered by each of Funding and the Mortgages Trustee and constitutes, and the other Transaction Documents to which Funding or the Mortgages Trustee is a party have been duly authorised by each of Funding and the Mortgages Trustee and on the Closing Date will constitute, valid and legally binding obligations of each of Funding and the Mortgages Trustee, as the case may be, enforceable in accordance with their respective terms, subject to the Enforceability Exceptions.

(d) **No Violation or Default**

The authorisation of the terms and conditions of this Agreement, the execution and delivery of the Transaction Documents to which Funding and/or, as the case may be, the Mortgages Trustee is party and the implementation of the transactions contemplated by such Transaction Documents and compliance with the terms of the Transaction Documents do not, and will not, (i) conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of Funding or the Mortgages Trustee or any agreement or instrument to which Funding or the Mortgages Trustee is a party or by which any of its assets is bound; (ii) infringe any applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, having jurisdiction over either Funding or the Mortgages Trustee or any of its assets; or (iii) result in the creation or imposition of any mortgage, charge, pledge, lien or other security interest on any of its or their properties, other than those created in, or imposed by, the Transaction Documents themselves;

(e) **No Conflicts with Existing Instruments**

The authorisation of the terms and conditions of this Agreement and the execution, delivery and performance by each of Funding and the Mortgages Trustee of each of the Transaction Documents to which each is a party and compliance by each of them with the terms thereof and of the Notes will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Funding or the Mortgages Trustee (other than those created in, or imposed by, the Transaction Documents themselves), as the case may be, pursuant to, any indenture, mortgage, trust deed, loan agreement or other agreement or instrument to which Funding or the Mortgages Trustee, as the case may be, is a party or by which Funding or the Mortgages Trustee, as the case may be, is bound or to which any of the property or assets of Funding or the Mortgages Trustee, as the case may be, is subject, (ii) conflict with, or result in any violation of, any of the terms or provisions

of, or constitute a default under, the Memorandum and Articles of Association of Funding or the Mortgages Trustee, as the case may be, or any agreement or instrument to which Funding or the Mortgages Trustee, as the case may be, is a party or by which any of its assets is bound, or (iii) result in the violation of any applicable law or statute or any judgement, decree, license, authorisation, rule, notification, order or regulation of any court or governmental agency or any other body or person having jurisdiction over the Mortgage Trustee or Funding (a **Funding Governmental Authority** or **Mortgages Trustee Governmental Authority**, as the case may be), except, in the case of clauses (i) and (ii), for any such conflict, breach or violation that would not, individually or in the aggregate, have a Funding Material Adverse Effect or a Mortgages Trustee Material Adverse Effect, as the case may be.

(f) **No Consents Required**

- (i) All consents, approvals, authorisations and other orders of all United Kingdom regulatory authorities required for the issue and offering of the Rule 144A Notes and the Reg S Notes or in connection with the execution and performance of the transactions contemplated by the Transaction Documents to which Funding and/or the Mortgage Trustee, as the case may be, is a party or the compliance by the Master Issuer with the terms of the Rule 144A Notes and the Reg S Notes and the Transaction Documents as the case may be, except for those which have been, or will prior to the Closing Date be taken, fulfilled or done, are, or will on the Closing Date be, in full force and effect.
- (ii) No consent, license, notification, approval, authorisation, order, registration or qualification of or with any Funding Governmental Authority or Mortgages Trustee Governmental Authority, as the case may be, is required for the execution, delivery and performance by Funding or the Mortgages Trustee of each of the Transaction Documents and compliance by Funding or the Mortgages Trustee, as the case may be, with the terms thereof and of the Notes and the consummation of the transactions contemplated by the Transaction Documents, except for those which have been fulfilled or done and which are in full force and effect other than registrations required pursuant to section 395 of the Companies Act 1985.

(g) **Legal Proceedings**

Except as described in the Reg S Prospectus, there are no legal, arbitration, governmental or regulatory investigations, actions, suits or proceedings pending to which either Funding or the Mortgages Trustee is a party or to which any asset of either Funding or the Mortgages Trustee is subject that, individually or in the aggregate, if determined adversely to either Funding or the Mortgages Trustee, as the case may be, could reasonably be expected to have a Funding Material Adverse Effect or a Mortgages Trustee Material Adverse Effect, as the case may be; to the best knowledge of Funding or the Mortgages Trustee, as the case may be, it has not received notice that any such investigations, actions, suits or proceedings are threatened or contemplated by any Funding Governmental Authority or Mortgages Trustee Governmental Authority, as the case may be, or threatened by others.

(h) **Prospectus Rules**

The Base Prospectus (i) has been approved by the UK Listing Authority as an approved prospectus for the purposes of section 85(2) of the FSMA; (ii) complies with the Prospectus Rules and Listing Rules; and (iii) has been published and made available to the public in accordance with the Prospectus Rules.

(i) **Representations and Warranties in the Transaction Documents**

The representations and warranties of each of Funding and the Mortgages Trustee contained in the Transaction Documents to which it is a party are true and accurate.

(j) **Events of Default**

No event has occurred or circumstance arisen which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a Loan Event of Default as set out in the Master Intercompany Loan Agreement.

(k) **No Subsidiaries**

Neither Funding nor the Mortgages Trustee has any subsidiaries or subsidiary undertakings within the meanings of sections 258 and 736 of the Companies Act 1985.

(l) **No Activities**

Neither Funding nor the Mortgages Trustee has engaged in any activities since its incorporation other than (i) those incidental to any registration or re-registration as private limited companies under the Companies Acts of 1985 and 1989 under the laws of England and Wales and (if any) various changes to its name, directors, secretary, registered office, accounting reference date and Memorandum and Articles of Association; (ii) the authorisation and execution of the Transaction Documents to which it is a party; (iii) the activities referred to or contemplated in the Transaction Documents to which it is a party or in the Reg S Prospectus; (iv) the activities undertaken in connection with the establishment of the Mortgages Trust pursuant to the Mortgages Trust Deed, the issue of notes by the First Issuer, the issue of notes by the Second Issuer, the issue of notes by the Third Issuer, the issue of notes by the Fourth Issuer, the issue of notes by the Fifth Issuer, the issue of notes by the Sixth Issuer, the issue of notes by the Seventh Issuer, the issue of notes by the Eighth Issuer, the issue of notes by the Ninth Issuer, the issue of notes by the Tenth Issuer and the issue of the Notes by the Master Issuer; and (v) the filing of notification as "data controller" by the Mortgages Trustee and Funding under the Data Protection Act 1998 (the **DPA**) and the application by the Mortgages Trustee for a standard licence under the Consumer Credit Act 1974. Neither Funding nor the Mortgages Trustee has (other than as set out in the Reg S Prospectus, in the offering circular relating to the notes issued by the First Issuer or in the offering circular relating to the notes issued by the Second Issuer or in the offering circular relating to the notes issued by the Third Issuer or in the offering circular relating to the notes issued by the Fourth Issuer or in the offering circular relating to the notes issued by the Fifth Issuer or in the offering circular relating to the notes issued by the Sixth Issuer or in the offering circular relating to the notes issued by the Seventh Issuer or in the offering circular relating to the notes issued by the Eighth Issuer or in the offering circular

relating to the notes issued by the Ninth Issuer or in the offering circular relating to the notes issued by the Tenth Issuer) prepared any accounts and has neither paid any dividends nor made any distributions since the date of its incorporation.

(m) No Prior Security

Save as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge, assignation or other charge on or over the assets of Funding and, other than the Transaction Documents, Funding has not entered into any indenture or trust deed.

(n) Security for the Intercompany Loan

Subject to the Reservations as to matters of English law only in the Allen & Overy LLP legal opinion(s) and Scots law only in the Tods Murray LLP legal opinion(s) as to the enforcement of security (and, for the avoidance of doubt, excluding from such Reservations the factual assumptions on which they are made (including the assumptions as to the solvency of Funding)), but subject to Reservations 4 and 6 of the Allen & Overy LLP legal opinion(s), Funding has created the following security interests in the Funding Deed of Charge (i) an assignment by way of first fixed security (which may take effect as a floating charge) of Funding's share of the Trust Property (as defined in the Mortgages Trust Deed); (ii) an assignment by way of first fixed security of all of Funding's right, title, interest and benefit in the Mortgage Sale Agreement, the Mortgages Trust Deed, the Servicing Agreement, the Master Intercompany Loan Agreement, the Funding Start-up Loan Agreement, the Funding Guaranteed Investment Contract, the Corporate Services Agreement, the Cash Management Agreement, the Bank Account Agreement and any other of the Transaction Documents to which Funding is a party; (iii) an assignment by way of first ranking fixed security (which may take effect as a floating charge) over Funding's right, title, interest and benefit in the Funding Bank Accounts; (iv) a first ranking fixed charge (which may take effect as a floating charge) of Funding's right, title, interest and benefit in all Authorised Investments purchased with moneys standing to the credit of the Funding Bank Accounts; and (v) a first floating charge over all the assets and the undertaking of Funding which are not effectively subject to a fixed charge or assignment by way of security but extending over all of Funding's Scottish assets.

(o) Capitalisation

The authorised capital of each of Funding and the Mortgages Trustee is as set out in the Reg S Prospectus.

(p) United States Restrictions

None of Funding, the Mortgages Trustee, their affiliates (as defined in Rule 501 under the Securities Act) or persons (other than any Manager, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) in respect of the Reg S Notes, and Funding, the Mortgages Trustee and their affiliates and any person (other than any Dealer, as to whom no representation or warranty is made) acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S.

(q) **United States Income Tax**

- (i) Funding has not engaged and will not engage in any activities in the United States (directly or through agents), has not derived and will not derive any income from United States sources as determined under the Code and has not held, does not currently hold and will not hold any property that would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under the Code.
- (ii) The Mortgages Trustee has not engaged and will not engage in any activities in the United States (directly or through agents), has not derived and will not derive any income from United States sources as determined under the Code and has not held, does not currently hold and will not hold any property that would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under the Code.

(r) **Beneficial Owner**

On 25th July, 2000, the Mortgages Trust was established pursuant to the Mortgages Trust Deed and following the transfer by way of equitable assignment by Abbey of its interest in the Portfolio (as defined in the Reg S Prospectus) to the Mortgages Trustee pursuant to or in accordance with the Mortgage Sale Agreement on 26th July, 2000 and on subsequent distribution dates, or, in relation to Loans secured over properties in Scotland and their Related Security, following the granting from time to time of a Scottish Trust Deed, the Mortgages Trustee held (and continues to hold) the Portfolio on trust for the benefit of Funding and Abbey in undivided shares absolutely.

(s) **Investment Company Act**

Neither Funding nor the Mortgages Trustee is an "investment company" as defined in the Investment Company Act, and the offer and sale of the Reg S Notes in the United States will not subject Funding or the Mortgages Trustee to registration under, or result in a violation of, the Investment Company Act.

4.3 As at the date of this Agreement, Abbey represents, warrants and undertakes to the Dealers, and each of them that:

(a) **Reg S Prospectus**

- (i) The Reg S Prospectus contains all information with respect to Abbey, its business, the Notes, the Mortgage Loans, the Related Security, the Mortgages Trust and the Transaction Documents and all other matters which, in each case, is material in the context of the issue and offering of the Notes, or is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Master Issuer and of the rights attaching to the Notes;
- (ii) the statements contained in the Reg S Prospectus relating to the matters referred to in subclause 4.3(a)(i) above are in every material particular true and accurate and not misleading;

- (iii) the opinions and intentions expressed in the Reg S Prospectus relating to Abbey are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;
- (iv) there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make any statement contained in the Reg S Prospectus relating to the matters referred to in subclause 4.3(a)(i) above misleading; and
- (v) all reasonable enquiries have been made by Abbey to ascertain such facts and to verify the accuracy of all such information and statements in the Reg S Prospectus.

(b) Incorporation

It is a public limited company duly incorporated and validly existing under the laws of England and Wales, with full right, power and authority to conduct its business as described in the Reg S Prospectus, and is lawfully qualified to do business in England and Wales and it is not in liquidation.

(c) Validity of Transaction Documents

This Agreement has been duly authorised, executed and delivered by Abbey, and the other Transaction Documents to which Abbey is a party have been duly authorised by Abbey and when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute valid and legally binding obligations of Abbey enforceable against Abbey in accordance with their terms, subject to the Enforceability Exceptions.

(d) No Conflicts with Existing Instruments

The transfer by way of equitable assignment of Abbey of its interest in the Portfolio and the related property and rights, the execution and delivery of the Transaction Documents to which Abbey is a party, the implementation of the transactions contemplated by such Transaction Documents and compliance with the terms of such Transaction Documents did not, and will not, (i) conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of Abbey, or any agreement or instrument to which Abbey is a party or by which it or any of its properties is bound, where such breach or default might have a material adverse effect in the context of the issue of the Reg S Notes or the Rule 144A Notes; or (ii) infringe any applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court having jurisdiction over Abbey or any of its properties (an **Abbey Governmental Authority**); or (iii) result in the creation or imposition of any mortgage, charge, pledge, lien or other security interest on any of its properties, other than those created in, or imposed by, the Transaction Documents themselves.

(e) All Consents Obtained

All consents, approvals and authorisations of all United Kingdom regulatory authorities required on the part of Abbey for or in connection with the execution and performance of the transactions contemplated by the Transaction Documents to which Abbey is a party have been obtained and are in full force and effect including,

without limiting the generality of the foregoing, Abbey having received a standard licence under the Consumer Credit Act 1974 and Abbey being registered under the DPA.

(f) **Legal Proceedings**

It is not involved in any actions, suits or proceedings in relation to claims or amounts which could materially adversely affect its ability to perform its obligations under the Transaction Documents.

(g) **Beneficial Owner**

On 25th July, 2000, the Mortgages Trust was established pursuant to the Mortgages Trust Deed and following the transfer by way of equitable assignment of Abbey of its interest in the Portfolio to the Mortgages Trustee pursuant to and in accordance with the Mortgage Sale Agreement on 26th July, 2000 and on subsequent distribution dates, or, in relation to Loans secured over properties in Scotland and their Related Security, following the granting from time to time of a Scottish Trust Deed, the Mortgages Trustee held (and continues to hold) the Portfolio on trust for the benefit of Funding and Abbey in undivided shares absolutely.

(h) **Representations and Warranties in the Transaction Documents**

The representations and warranties given by Abbey in the Mortgage Sale Agreement are true and accurate in all material respects as when stated to be made.

(i) **United States Restrictions**

None of Abbey, its affiliates (as defined in Rule 501 under the Securities Act) or persons (other than any Dealer, as to whom no representation or warranty is made) acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) in respect of the Reg S Notes and that Abbey, its affiliates and any person (other than any Dealer, as to whom no representation or warranty is made) acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S.

- 4.4 With regard to each issue of Reg S Notes, each of the Master Issuer, Funding, the Mortgages Trustee and Abbey shall be deemed to repeat the representations, warranties and undertakings contained in subclauses 4.1, 4.2 and 4.3 (as applicable) as at the Agreement Date for such Reg S Notes (any agreement on such Agreement Date being deemed to have been made on the basis of, and in reliance on, those representations, warranties and undertakings).
- 4.5 Each of the Master Issuer, Funding, the Mortgages Trustee and Abbey shall be deemed to repeat the representations, warranties and undertakings contained in subclauses 4.1, 4.2 and 4.3 (as applicable) on each date on which the Base Prospectus is revised, supplemented or amended.
- 4.6 The representations, warranties and undertakings contained in this Clause 4.6 shall continue in full force and effect notwithstanding the actual or constructive knowledge of any Dealer with respect to any of the matters referred to in the representations, warranties and undertakings set out above, any investigation by or on behalf of the Dealers or completion of the subscription and issue of any Reg S Notes.

5. UNDERTAKINGS OF THE MASTER ISSUER, FUNDING, THE MORTGAGES TRUSTEE AND ABBEY

5.1 Notification of material developments

- (a) The Master Issuer, Funding, the Mortgages Trustee and Abbey shall promptly after becoming aware of the occurrence thereof notify each Dealer of:
 - (i) (A) any Note Event of Default or any condition, event or act which would after an issue of Reg S Notes (or would with the giving of notice and/or the lapse of time) constitute a Note Event of Default or (B) any breach of its representations, warranties or undertakings contained in this Agreement which is material in the context of the Programme or any issue of the Reg S Notes; and
 - (ii) any development affecting the Master Issuer, Funding, the Mortgages Trustee or Abbey or any of their respective businesses which is material in the context of the Programme or any issue of Reg S Notes.
- (b) If, following the Agreement Date and before the Closing Date of the relevant issue of Reg S Notes, the Master Issuer becomes aware that any of the conditions specified in subclause 3.2 will not be satisfied in relation to that issue, the Master Issuer shall forthwith notify the relevant Dealer or Dealers or Lead Manager, as the case may be, to this effect giving full details thereof. In such circumstances, the relevant Dealer shall be entitled (but not bound) by notice to the Master Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.
- (c) Without prejudice to its obligations under Clause 5.1(b), the Master Issuer, Funding or the Mortgages Trustee will notify the Dealers promptly of any change affecting any of its representations, warranties, covenants, agreements or indemnities in this Agreement at any time prior to payment of the gross subscription proceeds of the Reg S Notes being made to the Master Issuer on the Closing Date and will take such steps as may be reasonably requested by the Lead Manager(s) to remedy and/or publicise the same.
- (d) Without prejudice to the generality of this subclause 5.1, the Master Issuer shall from time to time promptly furnish to each Dealer any information relating to the Master Issuer which the Dealer may reasonably request provided that the Master Issuer shall not be obliged to furnish any information in circumstances where it is prohibited from doing so by law and provided further that the Master Issuer shall be entitled to require each Dealer reasonably requesting information to comply with any reasonable confidentiality requirements of the Master Issuer.

5.2 Updating of Base Prospectus

- (a) Without prejudice to subclause 5.3(b), the Master Issuer shall update or amend the Base Prospectus (following consultation with the Dealers) by the publication of a supplementary prospectus or a new base prospectus in a form approved by the UK Listing Authority, in light of any change in the condition of the Master Issuer which is material in the context of the issue of any Reg S Notes or if it is necessary at any time to amend the Base Prospectus to comply with or reflect changes in the laws or regulations of the United Kingdom and, in any case, on or before each anniversary of the date of the approval by the UK Listing Authority of the Base Prospectus as an approved prospectus for the purposes of section 85(2) of the FSMA.

- (b) Upon the publication of a revision, supplement or amendment to the Base Prospectus, the Master Issuer and Funding shall promptly without cost to the Dealers supply to each Dealer and the Principal Paying Agent such number of copies of such revision, supplement or amendment as each Dealer or the Principal Paying Agent (as the case may be) may reasonably request. Until a Dealer receives such revision, supplement or amendment, the definition of Base Prospectus shall, in relation to such Dealer, mean the Base Prospectus prior to the publication of such revision, supplement or amendment.
- (c) Between the Agreement Date and the Closing Date (both dates inclusive) none of Abbey, the Master Issuer, Funding or the Mortgages Trustee will, without the prior approval of the Dealers (such approval not to be unreasonably withheld or delayed), make any official announcement which would have an adverse effect on the marketability of the Reg S Notes (other than an official announcement which may be required by law or regulation); provided that reasonable notice of the substance of any such official announcement which may be required by law or regulation and which may have a material adverse effect on the marketability of the Reg S Notes shall be given to the Lead Manager(s) as soon as practicable.
- (d) If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus inaccurate or misleading, a supplementary prospectus or new base prospectus will be prepared by the Master Issuer in a form approved by the Dealers.

5.3 Listing and public offers

The Master Issuer:

- (a) confirms that it has made or caused to be made an application for the Programme to be listed on the London Stock Exchange;
- (b) confirms that the Base Prospectus has been approved as a base prospectus by the UK Financial Services Authority and that it and the relevant Final Terms have been published in accordance with the applicable Prospectus Rule; and
- (c) shall comply with Part VI of the FSMA, the Prospectus Rules, the Listing Rules and the disclosure rules made under section 73A of the FSMA.

If, in relation to any issue of Reg S Notes, it is agreed between the Master Issuer and the relevant Dealer or the Lead Manager(s), as the case may be, to list the Reg S Notes on a Stock Exchange, the Master Issuer undertakes to use its best endeavours to obtain and maintain the listing of the Reg S Notes on that Stock Exchange. If any Reg S Notes cease to be listed on the relevant Stock Exchange, the Master Issuer shall use its best endeavours promptly to list the Notes on a stock exchange to be agreed between the Master Issuer and the relevant Dealer or, as the case may be, the Lead Managers. For the avoidance of doubt, where the Master Issuer has obtained the listing of Reg S Notes on a regulated market in the European Economic Area, the undertaking extends to maintaining that listing or, if this is not possible, to obtaining listing of the relevant Notes on another European Economic Area regulated market.

The Master Issuer shall comply with the rules of each relevant Stock Exchange (or any other relevant authority or authorities) and shall otherwise comply with any undertakings given by it from time to time to the relevant Stock Exchange (or any other relevant authority or authorities) in connection with the listing of any Notes on that Stock Exchange and, without prejudice to the generality of the foregoing, shall furnish or procure to be furnished to the relevant Stock Exchange (or any other relevant authority or authorities) all the information

which the relevant Stock Exchange (or any other relevant authority or authorities) may require in connection with the listing on that Stock Exchange of any Notes.

5.4 Lawful compliance

Each of the Master Issuer, Funding, the Mortgages Trustee and Abbey will at all times ensure that all necessary action is taken and all necessary conditions are fulfilled (including, without limitation, obtaining and, where relevant, maintaining in full force and effect all necessary permissions, consents or approvals of all relevant authorities) so that it may lawfully comply with its obligations under all Reg S Notes and the Transaction Documents to which it is a party and, further, so that it may comply with any applicable laws, regulations and guidance from time to time promulgated by any governmental and regulatory authorities relevant in the context of the Transaction Documents and the issue of any Reg S Notes.

5.5 Authorised representative

Each of the Master Issuer, Funding, the Mortgages Trustee and Abbey will notify the Dealers immediately in writing if any of the persons named in the list referred to in paragraph 3 of Part 1 of the Initial Documentation List ceases to be authorised to take action on its behalf or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Dealers that such person has been so authorised.

5.6 Auditors' comfort letters

The Master Issuer will:

- (a) at the time of the preparation of the initial Base Prospectus;
- (b) on each occasion when the Base Prospectus is updated or amended pursuant to subclause 5.2(a) and, if so requested by any of the Arrangers on behalf of the Dealers or the relevant Dealer or Lead Manager, on each occasion when the Base Prospectus is revised, supplemented or amended, whether by means of information incorporated by reference or otherwise but only, in each case, if the update affects any statistical, numerical or financial information; and
- (c) in relation to an issue of Reg S Notes if so requested by a Dealer and agreed to by the Master Issuer,

deliver, at the expense of the Master Issuer or Funding, to the Dealers a comfort letter or comfort letters from independent auditors of the Master Issuer in such form and with such content as the Dealers may reasonably request (and any comfort letter delivered pursuant to subclause 5.6(c) need only cover information contained in the relevant Final Terms).

If at or prior to the time of any agreement to issue and purchase Reg S Notes under Clause 2(a) request is made under subclause 5.6(c) above with respect to the Reg S Notes to be issued, the receipt of the relevant comfort letter or letters in a form satisfactory to the relevant Dealer and agreed to by the Master Issuer shall be a further condition precedent to the issue of those Reg S Notes to that Dealer.

5.7 Information on Noteholders' meetings

The Master Issuer will, at the same time as it is despatched, furnish the Dealers with a copy of every notice of a meeting of the holders of the Reg S Notes (or any of them) which is

despatched at the instigation of the Master Issuer, the Note Trustee or the Master Issuer Security Trustee and will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Reg S Notes (or any of them) has otherwise been convened.

5.8 Ratings

The Master Issuer undertakes promptly to notify the Dealers of any change in the ratings given by Moody's and/or Standard & Poor's and/or Fitch of the Master Issuer's debt or upon it becoming aware that such ratings are listed on "Creditwatch" or other similar publication of formal review by the relevant rating agency and each of Abbey, the Master Issuer, Funding and the Mortgages Trustee undertakes that it will not take, or cause to be taken, any action or permit any action to be taken which it knows or has reason to believe would result in any Notes not being assigned a rating.

5.9 Commercial Paper

In respect of any Series and Class of Reg S Notes which has a maturity of less than one year, the Master Issuer will issue such Reg S Notes only if the following conditions apply (or the Reg S Notes can otherwise be issued without contravention of section 19 of the FSMA):

- (a) the relevant Dealer covenants in the terms set out in subclause 2(a) of Appendix 2; and
- (b) the redemption value of each Reg S Note is not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and no part of any Reg S Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount).

5.10 Stamp Duty

- (a) The Master Issuer will pay any stamp duty, issue, registration, documentary or other taxes of a similar nature and duties that it is required to pay under the Transaction Documents to which it is a party payable in the United Kingdom, Belgium, Luxembourg or the United States, including interest and penalties in connection with the creation, issue, distribution and offering of the Reg S Notes or in connection with the execution, delivery or enforcement of any of the Transaction Documents to which it is a party together with any value added, turnover or similar tax payable in respect of that amount (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it).
- (b) Funding will pay any stamp duty, issue, registration, documentary or other taxes of a similar nature and duties that it is required to pay under the Transaction Documents to which it is a party payable in the United Kingdom, Belgium, Luxembourg or the United States, including interest and penalties in connection with the execution, delivery or enforcement of any of the Transaction Documents to which it is a party (other than in respect of the execution, delivery or enforcement of the Mortgages Trust Deed (including any amendment thereto), the Mortgage Sale Agreement (including any amendment to each) and any Transaction Document to which the Master Issuer is a party) together with any value added, turnover or similar tax payable in respect of that amount (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it).
- (c) The Mortgages Trustee will pay any stamp duty, issue, registration, documentary or other taxes of a similar nature and duties that it is required to pay under the Transaction Documents to which it is a party payable in the United Kingdom, Belgium, Luxembourg or the United

States, including interest and penalties in connection with the execution, delivery or enforcement of the Mortgages Trust Deed (including any amendment thereto) and the Mortgage Sale Agreement (including any amendment thereto) and the Scottish Trust Deeds (including any amendment thereto and any subsequent trust deed in substantially similar form), (together with any value added, turnover or similar tax payable in respect of that amount (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it)) but will be promptly reimbursed an amount equal to any such payments by the Beneficiaries in accordance with the terms of the Mortgages Trust Deed.

- (d) For the avoidance of doubt, if Funding or the Mortgages Trustee discharges its obligations to pay any stamp duty, issue, registration, documentary or other taxes of a similar nature and duties payable in the United Kingdom, Belgium, Luxembourg or the United States, including interest and penalties in each case as described above (together, the **relevant taxes**), at any time while amounts are outstanding in respect of the Reg S Notes issued by the Master Issuer, then Funding and/or (as applicable) the Mortgages Trustee will not be obliged to pay such relevant taxes multiple times (in respect of the same obligation), in order to meet its obligations under (1) this Agreement, the Initial Purchase Agreements and the Subscription Agreements relating to the Master Issuer and (2) paragraphs (b) and/or (c) (as applicable) above.

5.11 United States Income Tax

The Master Issuer 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 the Code 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 the Code.

5.12 United States Restrictions

None of the Master Issuer, Funding, the Mortgages Trustee, Abbey, their respective affiliates (as defined in Rule 501 under the Securities Act) or persons (other than any Dealer, as to whom no covenant or agreement is made) acting on its or their behalf shall engage in any directed selling efforts (as defined in Regulation S) in respect of the Reg S Notes and the Master Issuer, its affiliates and any person (other than any Dealer, as to whom no covenant or agreement is made) acting on its or their behalf shall comply with the offering restrictions requirement of Regulation S.

5.13 Charges and Security Interests

- (a) The Master Issuer will procure that each of the charges and other security interests created by or contained in the Master Issuer Deed of Charge is registered under section 395 of the Companies Act 1985 within the applicable time limits.
- (b) Funding will procure that each of the charges and other security interests created by or contained in the Funding Deed of Charge is registered under section 395 of the Companies Act 1985 within the applicable time limits.

5.14 Perform all required actions

On or prior to the Closing Date, each of Abbey, the Master Issuer, Funding and the Mortgages Trustee will do all things reasonably within each of their respective powers and required of

each of them on such date under the terms of the Transaction Documents to which each is a party.

5.15 Servicing Agreement

The Master Issuer, Funding and the Mortgages Trustee will use all reasonable endeavours to procure that Abbey complies with its obligations under the Servicing Agreement.

5.16 Conditions Precedent

The Master Issuer will use all reasonable endeavours to procure satisfaction on or before the Closing Date of the conditions referred to in Clause 3.

6. INDEMNITY

6.1 Without prejudice to the other rights or remedies of the Dealers, each of the Master Issuer (in respect of itself only), Funding (in respect of itself only), the Mortgages Trustee (in respect of itself only) and Abbey (in respect of itself, the Master Issuer, Funding and the Mortgages Trustee) agree to jointly and severally indemnify and hold harmless each Dealer, its affiliates and each person, if any, who controls such Dealer within the meaning of section 15 of the Securities Act or section 20 of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**) and their respective representatives, directors, officers, employees and agents, from and against any and all losses, claims, damages, costs, expenses and liabilities (including, without limitation, legal fees and other expenses reasonably incurred in connection with investigating and defending any suit, action or proceeding or any claim asserted), joint or several, which arises out of, in relation to or in connection with:

- (a) any breach or alleged breach of any of the representations, warranties, undertakings and agreements contained in, or deemed to be made pursuant to, this Agreement; or
- (b) any failure by the Master Issuer to issue the Reg S Notes; or
- (c) any untrue statement or alleged untrue statement of a material fact contained in the Reg S Prospectus or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading

except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information with respect to which each Dealer has agreed to indemnify the Master Issuer, Funding, the Mortgages Trustee and Abbey pursuant to subclause 6.5 provided that the Master Issuer, Funding, the Mortgages Trustee and Abbey, will not be liable for the amount of any settlement of any claim made without their respective consent and provided that the references in this subclause 6.1 to the Reg S Prospectus shall exclude the section therein having the heading "Issuing entity swap provider(s)" and shall exclude the Information Provided by the Dealers (as defined in subclause 6.5 below).

6.2 The indemnity given in subclause 6.1 will not cover any losses, liabilities, costs, claims, damages or expenses which may result from any Indemnified Person's own default, wilful misconduct, negligence or bad faith or from any breach by any such person of any terms of this Agreement or any of the Transaction Documents but will otherwise be in addition to any liability which the Master Issuer, Funding, the Mortgages Trustee and/or Abbey may otherwise have.

- 6.3 No Dealer or controlling person of any Dealer shall have any duty or obligation, whether as fiduciary for any Indemnified Person or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under subclause 6.1.
- 6.4 Each Dealer agrees, severally and not jointly, to indemnify and hold harmless the Master Issuer, Funding, the Mortgages Trustee and Abbey and each person, if any, who controls the Master Issuer, Funding, Abbey or the Mortgages Trustee within the meaning of section 15 of the Securities Act or section 20 of the Exchange Act to the same extent as the indemnity set forth in subclause 6.1 above, but only with respect to any losses, claims, damages or liabilities caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information furnished directly or indirectly to the Master Issuer, Funding, the Mortgages Trustee or Abbey by such Dealer through the Lead Manager(s) for use in the Reg S Prospectus (or any amendment or supplement thereto). The Master Issuer, Funding, the Mortgages Trustee and Abbey acknowledge that the paragraphs relating to over-allotment, effecting transactions with a view to supporting the market price of the Reg S Notes and stabilisation in the Reg S Prospectus and the section of the relevant Final Terms under the heading "Issuing entity swap provider(s)" constitute the only information furnished by or on behalf of the several Dealers for inclusion in the Reg S Prospectus (such statements being the **Information Provided by the Dealers**).
- 6.5 If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to either subclause 6.1 or 6.2 above, such person (the **Indemnified Person**) shall promptly notify the person against whom such indemnification may be sought (the **Indemnifying Person**) in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under subclause 6.1 or 6.2 of this Clause 6 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defences) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under subclause 6.1 or 6.2 of this Clause 6. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Clause 6 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (a) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (b) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (c) the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or in addition to those available to the Indemnifying Person; or (d) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for any Dealer, its affiliates and any control persons of such Dealer shall be designated in writing by the Dealers and any such separate firms for the Master Issuer, Funding, the Mortgages Trustee, and Abbey and any control persons of the Master Issuer, Funding, the Mortgages Trustee and Abbey shall be designated in writing by

the Master Issuer, Funding, the Mortgages Trustee or Abbey, as the case may be. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgement for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgement. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have either reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement or objected to such request in writing prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

- 6.6 The remedies provided for in this Clause 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

7. AUTHORITY TO DISTRIBUTE DOCUMENTS AND PROVIDE INFORMATION

Subject to Clause 8, the Master Issuer authorises each of the Dealers on behalf of the Master Issuer to provide copies of, and to make oral statements consistent with, the Reg S Prospectus (and any translation of all or any part of the Reg S Prospectus) and such additional written information as the Master Issuer, Funding, the Mortgages Trustee or Abbey shall provide to the Dealers or approve for the Dealers for use with actual and potential purchasers of Reg S Notes.

8. DEALERS' UNDERTAKINGS

- 8.1 Each Dealer severally agrees to comply with the restrictions and agreements set out in Appendix 2 unless otherwise agreed in writing by the Master Issuer.
- 8.2 Each Dealer acknowledges to, and agrees with, the Master Issuer that:
- (a) the Master Issuer has not authorised it to make representations in connection with any sale or proposed sale of any Reg S Notes other than those contained in or consistent with those contained in the Reg S Prospectus or the information approved in writing and provided by the Master Issuer, Funding, the Mortgages Trustee and Abbey pursuant to Clause 7 above (taken together with the Reg S Prospectus); and
 - (b) it will not circulate any version of the Reg S Prospectus other than the latest version of the Reg S Prospectus published by the Master Issuer and made available to such Dealer from time to time.

9. FEES, EXPENSES AND STAMP DUTIES

9.1 The Master Issuer, Funding and the Mortgages Trustee undertake that:

- (a) without prejudice to the generality of subclause 9.2, the Master Issuer will pay all and any fees, charges, costs and duties and any stamp and other similar taxes or duties that it is required to pay under the Transaction Documents to which it is a party, including interest and penalties, arising from or in connection with the creation of the security for the Reg S Notes and the obligations of the Master Issuer under the Master Issuer Trust Deed and for the other amounts to be secured as contemplated by the Master Issuer Deed of Charge and the perfection of such security at any time;
- (b) without prejudice to the generality of subclause 9.2, Funding will pay all and any fees, charges, costs and duties and any stamp and other similar taxes or duties that it is required to pay under the Transaction Documents to which it is a party, including interest and penalties, arising from or in connection with the creation of the security for the Term Advances and for the other amounts to be secured as contemplated by the Funding Deed of Charge and the perfection of such security at any time; and
- (c) without prejudice to the generality of subclause 9.2, the Mortgages Trustee will pay all and any fees, charges, costs and duties and any stamp and other similar taxes or duties that it is required to pay under the Transaction Documents to which it is a party, including interest and penalties, arising from or in connection with the purchase of the Loans and Related Security (and related property and rights) excluding The Land Registry, General Register of Sasines or Land Register of Scotland fees (it being agreed that registration or recording at The Land Registry or the General Register of Sasines or the Land Register of Scotland of the transfer of the Related Security to the Mortgages Trustee will not be applied for except in the circumstances specified in the Servicing Agreement); but on the basis that the Mortgages Trustee will be reimbursed such fees, charges, costs and duties and any stamp and other similar taxes or duties (including interest and penalties) by the Beneficiaries pursuant to the terms of the Mortgages Trust Deed.

9.2 The Master Issuer will pay or cause to be paid the following (together with (i) in respect of taxable supplies made to the Master Issuer, any amount in respect of VAT or similar tax payable in respect thereof against production of a valid tax invoice and (ii) in respect of taxable supplies made to a person other than the Master Issuer, any amount in respect of Irrecoverable VAT payable in respect thereof against production of a valid tax invoice):

- (a) the costs of the Master Issuer incident to the authorisation, issuance, preparation and delivery of the Reg S Notes;
- (b) the costs incident to the preparation, printing and publication of the Reg S Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof;
- (c) the costs of the preparation and execution of the Transaction Documents and any other relevant documents and the issue of the Reg S Notes and compliance with the Conditions of the Notes, including the reproduction and distribution thereof;
- (d) the fees and expenses of counsel to the Master Issuer, Funding, the Mortgages Trustee and the independent accountants;
- (e) any fees charged by Rating Agencies for rating the Reg S Notes and annual fees in connection with such rating or any other rating from the Rating Agencies for the Reg S Notes;
- (f) the fees and expenses of the Note Trustee, the Master Issuer Security Trustee, the Principal Paying Agent, Agent Bank, the Registrar, any paying agent in connection with the preparation and execution of the Transaction Documents and any other relevant documents and the issue of the Reg S Notes and compliance with the Conditions of the Reg S Notes (including related fees and expenses of any counsel to the Note Trustee and the Master Issuer Security Trustee) and the initial fees and expenses of Euroclear

and Clearstream in relation to the Notes (excluding any such fees and expenses arising as a result of any transfer of the Reg S Notes); (g) the fees and expenses payable in connection with obtaining and maintaining the listing of the Reg S Notes on the Official List of the UK Listing Authority and the admission to trading of the Reg S Notes on the Stock Exchange; (h) all out-of-pocket expenses (excluding legal expenses) incurred by the Lead Manager(s) on behalf of the Managers or the Initial Dealers in connection with the transactions contemplated hereby; (i) all expenses incurred by the Lead Manager(s) in connection with any "road show" presentation to potential investors; and (j) any amount in respect of fees and disbursements of the Dealers' counsel, subject to any agreed limit or cap on fees.

9.3 The Master Issuer will reimburse Dealers for all amounts in connection with the issue of the Reg S Notes which it has agreed to pay pursuant to Clause 9.2 above.

9.4 For the avoidance of doubt, references to costs and expenses in this Agreement shall be deemed to include, in addition, references to any Irrecoverable VAT payable in respect of such costs and expenses.

10. TERMINATION OF APPOINTMENT OF DEALERS

The Master Issuer or (as to itself) a Dealer may terminate the arrangements described in this Agreement by giving not less than 30 days' written notice to the other parties. The Master Issuer may terminate the appointment of a Dealer or Dealers by giving not less than 30 days' written notice to such Dealer or Dealers (with a copy to all the other Dealers, the Note Trustee, the Security Trustee and the Principal Paying Agent). Termination shall not affect any rights or obligations (including but not limited to those arising under Clauses 6, 8 and/or 9) which have accrued at the time of termination or which accrue thereafter in relation to any act or omission or alleged act or omission which occurred before termination.

11. APPOINTMENT OF NEW DEALERS

11.1 The Master Issuer may at any time appoint one or more New Dealers for the duration of the Programme or, with regard to an issue of a particular Series and Class of Reg S Notes, one or more New Dealers for the purposes of that Series and Class of Reg S Notes, in either case upon the terms of this Agreement. Unless an appointment is made in a Subscription Agreement any appointment shall be made by:

- (a) the delivery by the New Dealer to the Master Issuer of an appropriate Dealer Accession Letter as set forth in Part 1 or Part 3 of Appendix 3; and
- (b) the delivery by the Master Issuer to the New Dealer of an appropriate Confirmation Letter as set forth in Part 2 or Part 4 of Appendix 3.

11.2 Upon receipt of the relevant Confirmation Letter or execution of the relevant Subscription Agreement, as the case may be, each New Dealer shall, subject to the terms of the relevant Dealer Accession Letter or the relevant Subscription Agreement, as the case may be, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer under this Agreement provided that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the Closing Date of the relevant Series and Class of Reg S Notes, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the relevant Series and Class of Reg S Notes.

- 11.3 The Master Issuer shall promptly notify the other Dealers, the Note Trustee, the Master Issuer Security Trustee and the Principal Paying Agent of any appointment of a New Dealer for the duration of the Programme by supplying to them a copy of any Dealer Accession Letter and Confirmation Letter. Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular Series and Class of Reg S Notes to the Note Trustee, the Master Issuer Security Trustee and the Principal Paying Agent only.

12. STATUS OF THE ARRANGER

- 12.1 Each of the Dealers agrees that each of the Arrangers has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to any of them for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Base Prospectus, any Final Terms, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability of all legal, tax and accounting matters and all documentation in connection with the Programme or any Series and Class of Reg S Notes.
- 12.2 Each of the Arrangers shall have only those duties, obligations and responsibilities expressly specified in this Agreement.

13. SURVIVAL

- 13.1 The respective indemnities, rights of contribution, representations, warranties and agreements of the Master Issuer, Funding, the Mortgages Trustee, Abbey and the Dealers contained in this Agreement or made by or on behalf of the Master Issuer, Funding, the Mortgages Trustee, Abbey or the Dealers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Reg S Notes and shall remain in full force and effect, regardless of any investigation made by or on behalf of the Master Issuer, Funding, the Mortgages Trustee, Abbey or the Dealers.
- 13.2 Save for their respective responsibilities to comply with relevant representations and warranties set forth herein, neither the Master Issuer, Funding, the Mortgages Trustee nor Abbey shall have any responsibility in respect of the legality of the Dealers, Managers or other persons offering and selling the Reg S Notes in any jurisdiction or in respect of the Reg S Notes qualifying for sale in any jurisdiction.

14. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

15. COMMUNICATIONS

- 15.1 All communications shall be by telex, fax or letter delivered by hand or by telephone. Each communication shall be made to the relevant party at the telex number, fax number or address or telephone number and, in the case of a communication by telex, fax or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the others for the purpose.
- 15.2 A communication shall be deemed received (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when an acknowledgement of receipt is received, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this clause. However, if a communication is received after business hours

on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.

- 15.3 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:

- (a) in English; or
- (b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

16. BENEFIT OF AGREEMENT

- 16.1 This Agreement shall be binding on and shall inure for the benefit of the Master Issuer, Funding, the Mortgages Trustee, each of their officers and directors and any controlling persons referred to herein, Abbey, the Dealers, their respective affiliates and any controlling persons referred to herein, and their respective successors. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Reg S Notes from any Dealer shall be deemed to be a successor merely by reason of such purchase.
- 16.2 A Dealer may only assign or transfer its rights or obligations under this Agreement with the prior written consent of the Master Issuer, Funding, the Mortgages Trustee and Abbey except for an assignment and/or transfer of all of a Dealer's rights and obligations under this Agreement in whatever form the Dealer determines may be appropriate to a partnership, corporation, trust or other organisation in whatever form that may succeed to, or to which the Dealer transfers, all or substantially all of the Dealer's assets and business and that assumes the obligations by contract, operation of law or otherwise. Upon any transfer and assumption of obligations the relevant Dealer shall be relieved of and fully discharged from all obligations under this Agreement, whether the obligations arose before or after the transfer and assumption.
- 16.3 If a Dealer assigns its rights or transfers its obligations as provided in this clause, the relevant assignee or transferee shall be treated as if it were a party to this Agreement with effect from the date on which such assignment or transfer takes effect, provided that any transfer shall only become effective when the Master Issuer has received an undertaking from the transferee to be bound by this Agreement and to perform the obligations transferred to it. Such assignment or transfer shall not affect any rights or obligations (including but not limited to those arising under Clauses 6, 8 and 9) which have accrued at the time of assignment or transfer or which accrue thereafter to the parties in relation to any act or omission or alleged act or omission which occurred prior to such assignment or transfer.

17. STABILISATION

- 17.1 In connection with the issue of any Series and Class of Reg S Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms may over-allot Reg S Notes (provided that, in the case of any Series and Class of Reg S Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market or a Regulated Market, the aggregate

principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Series and Class) or effect transactions with a view to supporting the market price of the Reg S Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series and Class of Reg S Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date of the relevant Series and Class of Reg S Notes and 60 days after the date of the allotment of the relevant Series and Class of Reg S Notes. Any loss resulting from over-allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the Stabilising Manager(s) for its or their (as the case may be) own account.

- 17.2 In carrying on any stabilisation activity, the Stabilising Manager(s) shall act as principal and not as agent of the Master Issuer.
- 17.3 The Master Issuer confirms that, in relation to each Series and Class of Reg S Notes for which one or more Dealers are named as Stabilising Manager(s) in the relevant Final Terms, the Master Issuer has not issued and will not issue, without the prior consent of such Stabilising Manager(s) (such consent not to be unreasonably withheld), any press or other public announcement referring to the proposed issue of Reg S Notes unless the announcement adequately discloses that stabilising action may take place in relation to the Reg S Notes to be issued.
- 17.4 The Master Issuer authorises the Stabilising Manager(s) to make adequate public disclosure of the information required by Commission Regulation (EC) 2273/2003.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

This Agreement and every agreement for the issue and purchase of Reg S Notes as referred to in Clause 2 shall be governed by, and construed in accordance with, English law.

19.2 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement (**Proceedings**) may be brought in such courts. Each of the parties hereto irrevocably submit to the jurisdiction of such courts and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

20. JUDGMENT CURRENCY

If any judgment or order in any legal proceeding against any of the Master Issuer, Funding, the Mortgages Trustee or Abbey is given or made for any amount due hereunder and such judgment or order is expressed and paid in a currency (the **Judgment Currency**) other than the Specified Currency, and there is any variation as between (i) the rate of exchange (the **Judgment Rate**) at which the Specified Currency amount, as the case may be, is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange (the **Market Rate**) at which the person to whom such amounts is paid (the **Payee**) is able to purchase the Specified Currency, as the case may be, with the amount of the Judgment Currency actually received by the holder, then the difference, expressed in the Specified Currency, between such amount calculated at the Judgment Rate and such amount calculated at the Market Rate shall be indemnified (a) if negative by the Master Issuer, Funding, the Mortgages Trustee or Abbey, as applicable, the Payee and (b) if positive by the Payee to the Master Issuer, Funding, the Mortgages Trustee or Abbey, as applicable. The foregoing indemnity shall constitute a separate and independent obligation of the Master Issuer, Funding, the Mortgages Trustee, Abbey and/or the Payee, as the case may be, and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

21. NON PETITION AND LIMITED RECOURSE

Each of the Dealers agree with the Master Issuer, Funding and the Mortgages Trustee, that it shall not, until the expiry of one year and one day after the payment of all sums outstanding and owing under the Notes (in respect of the Master Issuer) and until the expiry of one year and one day after the payment of all sums outstanding and owing under any Term Advance made to Funding by the Master Issuer or any other company (in respect of the Mortgages Trustee and Funding) take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or re-organisation or for the appointment of a liquidator, receiver, manager, administrator, administrative receiver or similar officer of the Master Issuer, the Mortgages Trustee or Funding or any, or all of, their respective assets or revenues. To the extent permitted by law, no recourse under any obligation, covenant or agreement of any person contained in this Agreement shall be had against any shareholder, officer or director of the Master Issuer, Funding or the Mortgages Trustee, by the enforcement of any assessment or by any legal proceedings, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of each of the Master Issuer, Funding and the Mortgages Trustee expressed to be a party hereto and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors of such person as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Master Issuer, Funding or the Mortgages Trustee contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such person of any such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by each person expressed to be a party hereto as a condition of and consideration for the execution of this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

APPENDIX 1

INITIAL DOCUMENTATION LIST

PART 1

1. A certified copy of the constitutional documents of the Master Issuer, Funding, the Mortgages Trustee and Abbey.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Master Issuer, Funding, the Mortgages Trustee and Abbey:
 - (a) to approve its entry into the Transaction Documents to which it is a party, the creation of the Programme and, in the case of the Master Issuer, the issue of the Reg S Notes;
 - (b) to authorise appropriate persons to execute each of the Transaction Documents to which it is a party and, in the case of the Master Issuer, any Reg S Notes and to take any other action in connection therewith; and
 - (c) in the case of the Master Issuer only, to authorise appropriate persons to enter into agreements with any Dealer on behalf of the Master Issuer to issue Reg S Notes in accordance with Clause 2 of this Agreement.
3. A certified list of the names, titles and specimen signatures of the persons authorised on behalf of the Master Issuer, Funding, the Mortgages Trustee and Abbey in accordance with paragraph 2.
4. Confirmation that one or more master Reg S Global Notes (from which copies can be made for each particular issue of Reg S Notes), duly executed by a person or persons authorised to take action on behalf of the Master Issuer as specified in paragraph 2(b) above, have been delivered to the Registrar.
5. Legal opinions dated on or after the date of this Agreement, in form and substance reasonably satisfactory to the relevant recipients, from:
 - (a) Slaughter and May, legal advisers to the Master Issuer as to English law, addressed to Abbey and the Master Issuer;
 - (b) Cleary Gottlieb Steen & Hamilton LLP, legal advisers to the Master Issuer and Abbey as to US law addressed to the Master Issuer, Abbey and the Managers;
 - (c) Allen & Overy LLP, legal advisers to the Managers, the Note Trustee and the Master Issuer Security Trustee as to English law and as to US law, addressed to the Managers, the Note Trustee and the Master Issuer Security Trustee;
 - (d) In-house legal counsel of each Master Issuer Swap Provider, addressed to the Master Issuer, the Master Issuer Security Trustee and the Lead Managers; and
 - (e) Tods Murray LLP, legal advisers to the Managers, the Note Trustee, the Master Issuer Security Trustee, the Master Issuer and Abbey as to Scots law, addressed to the

Managers, the Note Trustee, the Master Issuer Security Trustee, the Master Issuer and Abbey.

6. A conformed copy of each Transaction Document and confirmation that executed copies of each Transaction Document have been delivered, in the case of the Master Issuer Trust Deed, to the Note Trustee, in the case of the Funding Deed of Charge and the Master Issuer Deed of Charge, to the Funding Security Trustee and the Master Issuer Security Trustee, respectively, and, in the case of the Master Issuer Paying Agent and Agent Bank Agreement, to the Note Trustee and the Principal Paying Agent (for itself and the other agents party thereto).
7. A printed final version of the Reg S Prospectus.
8. Confirmation that the Base Prospectus has been approved as a base prospectus by the Financial Services Authority and has been published in accordance with the Prospectus Directive.
9. Comfort letters from Deloitte & Touche LLP and KPMG LLP, each addressed to the Dealers and in such form and with such content as the Dealers may reasonably request.

APPENDIX 2

SELLING RESTRICTIONS

1. United States

- 1.1 The Reg S Notes have not been and will not be registered under the Securities Act of 1933, as amended (the **Securities Act**), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (**Regulation S**) or in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. In addition, the Reg S Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available. Each Dealer represents and agrees that it has not offered and sold any Reg S Notes, and it will not offer and sell any Reg S Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the commencement of the offering of the Reg S Notes and the Closing Date (the **distribution compliance period**) within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg S Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date except in either case in accordance with Regulation S under the Securities Act (**Regulation S**). Terms used above have the meanings given to them by Regulation S."

Terms used in this subclause 1.1 have the meanings given to them by Regulation S.

- 1.2 Each Dealer represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Reg S Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

2. United Kingdom

Each Dealer represents and agrees that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Reg S Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Reg S Notes would otherwise constitute a contravention of section 19 of the FSMA by the Master Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment

activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Reg S Notes in circumstances in which section 21(1) of the FSMA does not apply to the Master Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Reg S Notes in, from or otherwise involving the United Kingdom.

3. France

Each Dealer represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, any of the Reg S Notes to the public in France and that it has not distributed or caused to be distributed, and will not distribute or cause to be distributed to the public in France, the Reg S Prospectus or any other offering material relating to the Reg S Notes and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*) and/or (iii) a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier*.

4. Republic of Italy

Each Dealer represents and agrees that the offering of the Reg S Notes has not been registered with CONSOB (the Italian Securities Exchange Commission) and/or the Bank of Italy pursuant to Italian securities legislation and, accordingly, no Reg S Notes may be offered, sold or delivered, nor may copies of the Reg S Prospectus or of any other document relating to the Reg S Notes be distributed in the Republic of Italy, except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998, as amended; or
- (b) in circumstances which are exempt from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the Financial Services Act) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

In addition, each Dealer represents and agrees that any offer, sale or delivery of the Reg S Notes or distribution of copies of the Reg S Prospectus or any other document relating to the Reg S Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993 (the Banking Act), as amended;
- (ii) in compliance with Article 129 of the Banking Act and the Bank of Italy's implementation guidelines pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations.

5. Spain

Each Dealer represents and agrees that the Reg S Notes and the Rule 144A Notes may not be offered or sold in Spain by means of a public offer as defined and construed in Chapter I of Title III of Law 24/1998, of 28th July, on the Spanish Securities Act (as amended by Royal Decree Law 5/2005, of 11th March) and related legislation.

6. The Netherlands

Each Dealer represents and agrees that they have not and will not, directly or indirectly, offer or sell any Reg S Notes (including rights representing an interest in any global note) to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) within the meaning of the Exemption Regulation pursuant to the Dutch Act on the Supervision of the Credit System 1992 (Vrijstellingsregeling Wtk 1992) provided they acquire the Reg S Notes for their own account or that of another PMP:

- (a) anyone who is subject to supervision of the Dutch Central Bank, the Dutch Authority for the Financial Markets or a supervisory authority from another member state and who is authorised to be active on the financial markets;
- (b) anyone who otherwise performs a regulated activity on the financial markets;
- (c) the State of the Netherlands, the Dutch Central Bank, a central government body, a central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;
- (d) a company or entity which, according to its last annual (consolidated) accounts, meets at least two of the following three criteria: an average number of employees during the financial year of at least 250, a total balance sheet of at least EUR 43,000,000 and an annual net turnover of at least EUR 50,000,000;
- (e) a company or entity with its statutory seat in the Netherlands other than a company as referred to in (d) above, which has requested the Dutch Authority for the Financial Markets to be treated as a Professional Market Party;
- (f) a natural person, living in the Netherlands, who has requested the Dutch Authority for the Financial Markets to be treated as a Professional Market Party and who meets at least two of the following three criteria: the person has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters; the size of the securities portfolio is at least EUR 500,000 and the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;
- (g) a company or entity whose only purpose is investing in securities;
- (h) a company or entity whose purpose is to acquire assets and issue asset backed securities;

- (i) an enterprise or entity with total assets of at least EUR 500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;
- (j) an enterprise, entity or individual with net assets of at least EUR 10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who has been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;
- (k) a subsidiary of any of the persons or entities referred to under (a) to (i) above, provided such subsidiaries are subject to consolidated supervision; and
- (l) an enterprise or entity which has a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise, or which issues securities that have a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise.

As set forth in a legend on the Reg S Notes, the Reg S Notes during their entire life may not be sold to Dutch Residents other than to PMPs.

7. Canada

The Reg S Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Dealer represents and agrees that it has not offered, sold or distributed and will not offer, sell or distribute any Reg S Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Dealer also represents and agrees that it has not and will not distribute or deliver the Reg S Prospectus, or any other offering material in connection with any offering of Reg S Notes in Canada, other than in compliance with applicable securities laws.

8. General

Each Dealer agrees that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Reg S Notes or possesses or distributes the Reg S Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Reg S Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Master Issuer, Abbey, the Note Trustee, the Master Issuer Security Trustee or any other Dealer shall have any responsibility therefor.

None of the Master Issuer Abbey, the Note Trustee, the Master Issuer Security Trustee or the Dealers represents that Reg S Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series and Class of Reg S Notes, the relevant Dealer will be required to comply with any additional restrictions agreed between the Master Issuer and the relevant Dealer as set out in the applicable Final Terms.

APPENDIX 3

FORMS OF DEALER ACCESSION LETTERS AND CONFIRMATION LETTERS

PART 1

FORM OF DEALER ACCESSION LETTER – PROGRAMME

[Date]

To: Holmes Master Issuer PLC
Abbey National House
2 Triton Square
Regent's Place
London
NW1 3AN
(the **Master Issuer**)

Dear Sirs,

HOLMES MASTER ISSUER PLC **Residential Mortgage-Backed Note Issuance Programme**

We refer to the Programme Agreement dated 17 November, 2006 entered into in respect of the above Programme and made between the Master Issuer, Funding, the Mortgages Trustee, Abbey and the Dealers party to it (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all other documents delivered under Appendix 1 to the Programme Agreement as we have requested,

and have found them to our satisfaction.

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the appointment by the Master Issuer of us as a Dealer under the Programme Agreement we undertake, for the benefit of the Master Issuer, Funding, the Mortgages Trustee, Abbey and each of the other Dealers, that we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

Terms used in this letter have the meanings given to them in the Programme Agreement.

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

Yours faithfully,

[*Name of New Dealer*]

By:

cc: [•] as Note Trustee and as Master Issuer Security Trustee
 [•] as Principal Paying Agent
 The other Dealers

PART 2

FORM OF CONFIRMATION LETTER – PROGRAMME

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

HOLMES MASTER ISSUER PLC
Residential Mortgage-Backed Note Issuance Programme

We refer to the Programme Agreement dated 17 November, 2006 (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**) entered into in respect of the above Programme and acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We confirm that, with effect from today's date, you shall become a Dealer under the Programme Agreement in accordance with subclause 11.2 of the Programme Agreement.

Terms used in this letter shall have the meanings given to them in the Programme Agreement.

Yours faithfully,

Holmes Master Issuer PLC

By:

cc: [●] as Note Trustee and as Master Issuer Security Trustee
[●] as Principal Paying Agent
The other Dealers

PART 3

FORM OF DEALER ACCESSION LETTER – REG S NOTE ISSUE

[Date]

To: Holmes Master Issuer PLC
Abbey National House
2 Triton Square
Regent's Place
London
NW1 3AN

(the Master Issuer)

Dear Sirs,

HOLMES MASTER ISSUER PLC

[Description of issue]
(the Reg S Notes)

We refer to the Programme Agreement dated 17 November, 2006 and made between the Master Issuer, Funding, the Mortgages Trustee, Abbey and the Dealers party to it (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all other documents delivered under Appendix 1 of the Programme Agreement as we have requested,

and have found them to our satisfaction.¹

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the appointment by the Master Issuer of us as a Dealer under the Programme Agreement in respect of the issue of the Reg S Notes we undertake, for the benefit of the Master Issuer, Funding, the Mortgages Trustee, Abbey and each of the other Dealers, that, in relation to the issue of the Reg S Notes, we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

Terms used in this letter shall have the meanings given to them in the Programme Agreement.

¹ It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to and relied upon by, New Dealers, otherwise a side letter to that effect should be provided.

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

Yours faithfully,

[*Name of New Dealer*]

By:

cc: ☐ as Note Trustee and as Master Issuer Security Trustee
 ☐ as Principal Paying Agent

PART 4

FORM OF CONFIRMATION LETTER – REG S NOTE ISSUE

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

HOLMES MASTER ISSUER PLC

[Description of issue]

(the **Reg S Notes**)

We refer to the Programme Agreement dated 17 November, 2006 (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**) and acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We confirm that, with effect from today's date, in respect of the issue of the Reg S Notes, you shall become a Dealer under the Programme Agreement in accordance with subclause 11.2 of the Programme Agreement.

Terms used in this letter shall have the meanings given to them in the Programme Agreement.

Yours faithfully,

Holmes Master Issuer PLC

By:

cc: [●] as Note Trustee and as Master Issuer Security Trustee
[●] as Principal Paying Agent

APPENDIX 4
FORM OF SUBSCRIPTION AGREEMENT
HOLMES MASTER ISSUER PLC
[DESCRIPTION OF ISSUE]

[DATE]

To: [Names of Dealers]
(the **Managers**)

c/o [Name of Lead Managers]
(the **Lead Managers**)

cc: [●] as Note Trustee and as Master Issuer Security Trustee
[●] as Registrar

Dear Sirs,

Holmes Master Issuer PLC (the **Master Issuer**) proposes to issue [*description of issue*] (the **Reg S Notes**) under the Residential Mortgage-Backed Note Issuance Programme established by it. The terms of the issue shall be as set out in the form of Final Terms attached to this Agreement as Annex 1.

This Agreement is supplemental to the Programme Agreement (the **Programme Agreement**) dated 17 November, 2006 made between the Master Issuer, Funding, the Mortgages Trustee, Abbey and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

1. This Agreement appoints each Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of clause 11 of the Programme Agreement for the purposes of the issue of the Reg S Notes. Each New Dealer confirms that it is in receipt of the documents referred to below:
 - (a) a copy of the Programme Agreement; and
 - (b) a copy of such of the documents delivered under Appendix 1 of the Programme Agreement as it has requested and finds the same to be satisfactory or (in the case of any or all of such documents) has waived such delivery.

For the purposes of the Programme Agreement the details of the Lead Manager for service of notices are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the Master Issuer appointing each New Dealer as a Dealer in respect of the Reg S Notes under the Programme Agreement, each New Dealer hereby undertakes, for the benefit of the Master Issuer, Funding, the Mortgages Trustee, Abbey and the Lead Manager(s) (for [itself/the Lead Managers] and each of the other Dealers) and the Managers, that, in relation to the issue of the Reg S Notes, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Lead Manager(s). The Master Issuer confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Reg S Notes as if originally named as a Dealer under the Programme Agreement provided that following the Closing Date of the Reg S Notes each New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the Reg S Notes.

2. Subject to the terms and conditions of the Programme Agreement and this Agreement the Master Issuer agrees to issue the Reg S Notes and the Managers jointly and severally agree to subscribe or procure subscribers for the Reg S Notes set forth opposite such Manager's name in Schedule 1 hereto at a price of *[specify]* per cent. of the principal amount of the Reg S Notes (the **Purchase Price**), being the issue price of *[specify]* per cent. less a selling *[commission/concession]* of *[specify]* per cent. of such principal amount and a combined management and underwriting commission of *[specify]* per cent. of such principal amount.
3. The Master Issuer undertakes that on the Closing Date it will apply the gross subscription moneys for the Reg S Notes converted under any relevant Master Issuer Swap Agreement forthwith in advancing the relevant Term Advances to Funding pursuant to the terms of the Master Intercompany Loan Agreement. Funding undertakes that it will apply the proceeds of each such Term Advance in accordance with Clause 4.1 (Purpose and application of a Term Advance) of the Master Intercompany Loan Agreement.
4. As of *[date]*,*[following the completion of the assignment of the New Mortgage Portfolio to the Mortgages Trustee pursuant to and in accordance with the Mortgage Sale Agreement and pursuant to and in accordance with the terms of the Mortgages Trust Deed,]* the Mortgages Trustee *[will hold the New Mortgage Portfolio and]* has held and will continue to hold the Mortgage Portfolio on a bare trust for the benefit of Funding and Abbey as beneficial tenants in common absolutely.
5. For the purposes of this Agreement:
 - (a) the sum payable on the Closing Date shall be *[currency]*, representing the **Purchase Price** less any amount payable in respect of Managers' expenses as provided in the agreement referred to in Clause 6 of this Agreement;
 - (b) **Closing Date** means *[specify]* a.m. (*[specify]* time) on *[specify]* or such other time and/or date as the Master Issuer and the Lead Manager on behalf of the Managers may agree; and
 - (c) **Payment Instruction Date** means the Closing Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Closing Date (or on such other date as agreed to by the Master Issuer and the Lead Managers on behalf of the Managers).

6. The arrangements in relation to expenses have been separately agreed between the Master Issuer and the Lead Manager.
7. The obligation of the Managers to purchase the Reg S Notes is conditional upon:
 - (a) the conditions set out in subclause 3.2 of the Programme Agreement being satisfied as of the Payment Instruction Date (on the basis that the references therein to **relevant Dealer** shall be construed as references to the Lead Manager); and
 - (b) the delivery to the Lead Manager(s) on the Payment Instruction Date of:
 - (i) letters from the Rating Agencies stating that the Reg S Notes are rated as set forth in the Final Terms either without conditions or subject only to the execution and delivery on or before the Closing Date of the agreements and legal opinions contemplated herein;
 - (ii) (A) a solvency certificate, dated the Closing Date, of a duly authorised director of the Master Issuer in the agreed form, (B) a solvency certificate, dated the Closing Date, of a duly authorised director of Funding in the agreed form, (C) a solvency certificate, dated the Closing Date, of a duly authorised director of the Mortgages Trustee in the agreed form and (D) a solvency certificate, dated the Closing Date, of a duly authorised officer of Abbey in the agreed form;
 - (iii) legal opinions dated the Payment Instruction Date, in form and substance satisfactory to the Lead Managers, on behalf of the Managers, from (A) Slaughter and May, legal advisers to Abbey and the Master Issuer as to English law, addressed to the Master Issuer, (B) Cleary Gottlieb Steen & Hamilton LLP, legal advisers to Abbey and the Master Issuer as to US law, addressed to the Master Issuer and the Managers, (C) Allen & Overy LLP, legal advisers to the Managers, the Note Trustee and the Master Issuer Security Trustee as to English law and as to US law, addressed to the Managers, the Note Trustee, the Security Trustee and the Master Issuer Security Trustee, (D) Tods Murray LLP, legal advisers to the Managers, the Note Trustee, the Master Issuer Security Trustee, the Security Trustee, the Master Issuer and Abbey as to Scots law, addressed to the Managers, the Note Trustee, the Master Issuer Security Trustee, the Master Issuer and Abbey and (E) in-house legal counsel of each Master Issuer Currency Swap Provider, addressed to the Master Issuer, the Master Issuer Security Trustee, the Security Trustee and the Lead Managers;
 - (iv) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Master Issuer, Funding, the Mortgages Trustee and Abbey giving confirmation (as to the best knowledge of such officer) to the effect stated in subclause 7(a) and confirming that, since the date of this Agreement, there has been no adverse change, nor any development involving a prospective adverse change, in or affecting the operations, properties, financial or trading condition of the Master Issuer, Funding, the Mortgages Trustee or Abbey from that set forth in the Reg S Prospectus which is material in the context of the issue of the Reg S Notes;

- (v) comfort letters dated the date of this Agreement and the Payment Instruction Date from the independent auditors of each of the Master Issuer and Funding, in such form and with such content as the Managers may reasonably request;
- (vi) such other conditions precedent as the Lead Manager(s) (on behalf of the Managers) and the Master Issuer may agree from time to time.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any liability of the Master Issuer in relation to expenses as provided in the agreement referred to in Clause 6 and except for any liability arising before or in relation to termination), provided that the Lead Manager(s), on behalf of the Managers, may in [its/their] discretion waive any of the aforesaid conditions or any part of them.

8. Notwithstanding any other provision of this Agreement, the Lead Manager(s), on behalf of the Managers, may, by notice to the Master Issuer, Funding, the Mortgages Trustee and Abbey given at any time prior to payment of the gross subscription moneys for the Reg S Notes to the Master Issuer, terminate this Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties contained in clause 4 of the Programme Agreement (or any deemed repetition thereof) or failure to perform any of the Master Issuer's or Abbey's covenants or agreements in this Agreement in any material respect; or
- (b) if any condition specified in Clause 7 above has not been satisfied or waived by the Lead Managers, on behalf of the Managers; or
- (c) if in the opinion of the Lead Managers, circumstances shall be such as: (i) to prevent or to a material extent restrict payment for the Reg S Notes in the manner contemplated in this Agreement or (ii) to a material extent prevent or restrict settlement of transactions in the Reg S Notes in the market or otherwise; or
- (d) if in the opinion of the Lead Managers, there shall have been (i) any change in national or international political, legal, tax or regulatory conditions or (ii) any calamity or emergency, which has in its view caused a substantial deterioration in the price and/or value of the Reg S Notes; or
- (e) upon termination of the [Underwriting Agreement/Initial Purchase Agreement],

and, upon notice being given, the parties to this Agreement shall (except for any liability of the Master Issuer in relation to expenses as provided in the agreement referred to in Clause 6 of this Agreement and except for any liability arising before or in relation to termination) be released and discharged from their respective obligations under this Agreement.

- 9. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
- 10. Clause 19 of the Programme Agreement shall also apply to this Agreement as if expressly incorporated herein.

11. This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For: **HOLMES MASTER ISSUER PLC**

By:

For: **ABBEY NATIONAL PLC**

By:

For: **HOLMES FUNDING LIMITED**

By:

For: **HOLMES MORTGAGES TRUSTEE LIMITED**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For: **[*NAMES OF MANAGERS*]**

By:

SCHEDULE 1
TO THE SUBSCRIPTION AGREEMENT

ANNEX 1
TO THE SUBSCRIPTION AGREEMENT
[Form of Final Terms]

SIGNATORIES

HOLMES MASTER ISSUER PLC

By:

Authorised Signatory

ABBEY NATIONAL PLC

By:

As

HOLMES FUNDING LIMITED

By:

Authorised Signatory

HOLMES MORTGAGES TRUSTEE LIMITED

By:

Authorised Signatory

The Dealers

DEUTSCHE BANK AG, LONDON BRANCH

By:

Authorised Signatory

CITIGROUP GLOBAL MARKETS LIMITED

By:

Authorised Signatory

BARCLAYS BANK PLC

By:

Authorised Signatory

SIGNATORIES

HOLMES MASTER ISSUER PLC

By: 

Authorised Signatory

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The Dealers

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CITIGROUP GLOBAL MARKETS LIMITED

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Authorised Signatory

BARCLAYS BANK PLC

By:

Authorised Signatory

SIGNATORIES

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By:

Authorised Signatory

BARCLAYS BANK PLC

By:

Auth

A large black rectangular redaction box covers the signature area for Barclays Bank PLC. The word 'Auth' is visible to the left of the box.