

**CONFORMED VERSION**

**FOURTH SUPPLEMENTAL DEED TO THE AMENDED AND  
RESTATED SERVICING AGREEMENT DATED 4 OCTOBER 2007**

**24 APRIL 2018**

**SANTANDER UK PLC  
as Seller and Servicer**

**and**

**ABBAY COVERED BONDS LLP  
as LLP**

**and**

**DEUTSCHE TRUSTEE COMPANY LIMITED  
as Security Trustee**

**THIS THIRD SUPPLEMENTAL DEED TO THE AMENDED AND RESTATED SERVICING AGREEMENT** is made on 24 April 2018

**BETWEEN:**

- (1) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Servicer** and in its capacity as **Seller**);
- (2) **ABBEY COVERED BONDS LLP** (registered number OC312644), a limited liability partnership incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**); and
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Security Trustee**).

**WHEREAS:**

This fourth supplemental deed (**Fourth Supplemental Deed**) is supplemental to and modifies the provisions of (i) the Amended and Restated Servicing Agreement dated 4 October 2007 (hereinafter called the **Principal Servicing Agreement**) made between the parties hereto and relating to a global covered bond programme established by the Issuer (the **Programme**), (ii) the supplemental deed dated 20 May 2008 (the **First Supplemental Deed**), (iii) the second supplemental deed dated 5 July 2012 (the **Second Supplemental Deed**) and the third supplemental deed dated 24 December 2012 (the **Third Supplemental Deed**) between the parties hereto and which modified the provisions of the Principal Servicing Agreement.

**NOW THIS SUPPLEMENTAL DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED** as follows:

1. Subject as hereinafter provided and unless there is something in the subject matter or context inconsistent therewith, all words and expressions defined in the Principal Servicing Agreement (as previously modified and restated) shall have the same meanings in this Fourth Supplemental Deed.
2. With effect on and from the date hereof:
  - (i) the Principal Servicing Agreement (as previously modified and restated) is further modified in such manner as would result in the Principal Servicing Agreement as so modified being in the form set out in the Schedule hereto; and
  - (ii) the provisions of the Principal Servicing Agreement insofar as the same still have effect shall cease to have effect and in lieu thereof the provisions of the Principal Servicing Agreement as so modified (and being in the form set out in the Schedule hereto) shall have effect.
3. For the avoidance of doubt, each of the parties to this Fourth Supplemental Deed consents to the amendment and restatement effected by this Fourth Supplemental Deed.
4. The Principal Servicing Agreement, the First Supplemental Deed, the Second Supplemental Deed, the Third Supplemental Deed and this Fourth Supplemental Deed shall henceforth be read and construed together as one deed.
5. This Fourth Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.

6. This Fourth Supplemental Deed may be executed in counterparts, all of which, taken together, shall constitute one and the same Supplemental Deed and any party may enter into this Supplemental Deed by executing a counterpart.

**IN WITNESS** whereof this Supplemental Deed has been executed as a deed by the parties hereto as a deed which has been delivered on the date first appearing on page one.

## SIGNATORIES

### Seller

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

**Rebecca Nind**

Witness: **Alexander Dresch**

Address: **2 Triton Square, Regent's Place, London NW1 3AN**

### Servicer

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

**Rebecca Nind**

Witness: **Alexander Dresch**

Address: **2 Triton Square, Regent's Place, London NW1 3AN**

### LLP

**EXECUTED** as a **DEED** by )  
**ABBAY COVERED BONDS LLP** )  
acting by its attorney )  
in the presence of: )

**Rebecca Nind**

Witness: **Alexander Dresch**

Address: **2 Triton Square, Regent's Place, London NW1 3AN**

### Security Trustee

The **COMMON SEAL** of **DEUTSCHE** )  
**TRUSTEE COMPANY LIMITED** was )  
affixed to this Deed in the presence of: )

**Christopher English**  
Associate Director

Associate Director:

**Robert Bebb**  
Associate Director

Associate Director:

**SCHEDULE**  
**FORM OF SERVICING AGREEMENT**

**24 APRIL 2018**

**SANTANDER UK PLC**  
**as Seller and Servicer**

**and**

**ABBAY COVERED BONDS LLP**  
**as LLP**

**and**

**DEUTSCHE TRUSTEE COMPANY LIMITED**  
**as Security Trustee**

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**THIS AMENDED AND RESTATED SERVICING AGREEMENT** is made as a deed on 24 April 2018

**BETWEEN:**

- (1) **SANTANDER UK PLC** (registered number 2294747), a public limited company incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as **Servicer** and in its capacity as **Seller**);
- (2) **ABBEY COVERED BONDS LLP** (registered number OC312644), a limited liability partnership incorporated under the laws of England and Wales whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**); and
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as **Security Trustee**).

**WHEREAS:**

- (A) The Servicer carries on the business of, *inter alia*, administering mortgage loans secured on residential properties within the United Kingdom.
- (B) By the Mortgage Sale Agreement, the Seller has agreed to sell Loans and their Related Security to the LLP. The LLP shall hold those Loans and their Related Security in accordance with the terms of the LLP Deed.
- (C) The Servicer has agreed to provide administration and management services to the LLP on the terms and subject to the conditions contained in this Agreement (as the same may be amended and/or restated from time to time) in relation to, *inter alia*, the Loans and their Related Security comprised in the Portfolio from time to time.
- (D) The Servicer has agreed with the parties hereto to make available to Investors the Monthly Reports (each as defined below) in an electronic format.

**IT IS HEREBY AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 The master definitions and construction agreement made between, *inter alios*, the parties to this Agreement on 3 June 2005 as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 8 November 2010, 24 December 2012, 12 July 2013, 23 June 2015 and on 1 June 2016 and as further amended and restated on or about the date hereof (as the same may be amended, restated and/or supplemented from time to time, the **Master Definitions and Construction Agreement**) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, restated and/or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in **Clause 2** of the Master Definitions and Construction Agreement.
- 1.2 For the purposes of this Agreement, this **Agreement** has the same meaning as Servicing Agreement in the Master Definitions and Construction Agreement.

1.3 Save as expressly provided herein, any warranties or undertakings provided under this Agreement are made to each other party to this Agreement.

1.4 For the avoidance of doubt, actions of the Servicer under this Agreement expressed to be undertaken on behalf of the LLP shall, in respect of Scottish Loans, be deemed to include where appropriate a reference to actions of the Servicer undertaken on behalf of and as agent for the Seller in its capacity as trustee for the LLP under the relevant Scottish Declaration of Trust.

## **2. APPOINTMENT OF SERVICER**

2.1 Subject to **Clause 4.5**, and until termination pursuant to **Clause 21**, the LLP hereby appoints the Servicer as its lawful agent on its behalf to exercise its rights, powers and discretions, and to perform its duties, under and in relation to the Loans in the Portfolio and their Related Security. The Servicer hereby accepts such appointment on the terms and subject to the conditions of this Agreement. The Security Trustee consents to the appointment of the Servicer on the terms of and subject to the conditions of this Agreement.

2.2 For the avoidance of doubt and in connection with the rights, powers and discretions conferred under **Clause 2.1**, during the continuance of its appointment hereunder, the Servicer shall, subject to the terms and conditions of this Agreement, the Mortgage Terms, the Mortgage Sale Agreement and the LLP Deed, have the full power, authority and right to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security comprised in the Portfolio or the exercise of such rights, powers and discretions, provided however that none of the Seller, its directors, the LLP or its Members shall be required or obliged at any time to enter into any transaction or to comply with any directions which the Servicer may give with respect to the operating and financial policies of the LLP and the Servicer hereby acknowledges that all powers to determine such policies (including the determination of whether or not any particular policy is for the benefit of the Seller or the LLP) are, and shall at all times remain vested, as the case may be, in the Seller (and its directors) and/or in the LLP (and its Members) and none of the provisions of this Agreement shall be construed in a manner inconsistent with this proviso.

## **3. THE ADMINISTRATION SERVICES**

### **3.1 General**

- (a) The duty of the Servicer shall be to provide the services set out in this Agreement including **Schedule 1** hereto (the **Services**).
- (b) If and when the Servicer is requested to confirm or state the capacity in which it is administering and servicing the Loans and their Related Security comprised in the Portfolio and related matters pursuant to this Agreement by any Borrower or any third party not being a party to this Agreement and to whom the Servicer is obliged by law to disclose such information, the Servicer shall confirm or state that it is acting in its capacity as servicer of the Loans and their Related Security comprised in the Portfolio and related matters as agent for and on behalf of the LLP and not on its own behalf.

### **3.2 Sub-contracts**

- (a) The Servicer may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement, provided that (but subject to **Clause 3.2(b)**):



- (i) the prior written consent of the LLP and the Security Trustee to the proposed arrangements (including, if the LLP and the Security Trustee consider it necessary, approving any contract which sets out the terms on which such arrangements are to be made) has been obtained and written notification has been given to each of the Rating Agencies;
  - (ii) where the arrangements involve the custody or control of any Customer Files and/or, in relation to Loans which are not Dematerialised Loans, Title Deeds relating to the Portfolio for the purpose of performing any delegated Services, the sub-contractor or delegate has executed an acknowledgement in form and substance acceptable to the LLP and the Security Trustee to the effect that any such Title Deeds (if any) and/or Customer Files are and will be held to the order of the Security Trustee or as the Security Trustee shall direct;
  - (iii) where the arrangements involve or may involve the receipt by the sub-contractor or delegate of moneys belonging to the LLP which, in accordance with this Agreement, are to be paid into the GIC Account, the sub-contractor or delegate has executed a declaration in form and substance acceptable to the LLP that any such moneys held by it or to its order are held on trust for the LLP and will be paid forthwith into the GIC Account in accordance with the terms of the LLP Deed;
  - (iv) any such sub-contractor or delegate has executed a written waiver of any Security Interest arising in connection with such delegated Services (to the extent that such Security Interest relates to the Portfolio or any amount referred to in (iii) above); and
  - (v) neither the Security Trustee nor the LLP shall have any liability for any costs, fees, charges or expenses payable to or incurred by such sub-contractor or delegate or arising from the entering into, the continuance, amendment or the termination of any such arrangement.
- (b) The provisos in **Clause 3.2(a)(i), (ii) and (iii)** shall not apply:
- (i) to the engagement by the Servicer of:
    - (A) any receiver, solicitor, insurance broker, valuer, surveyor, accountant, estate agent, insolvency practitioner, auctioneer, bailiff, sheriff officer, debt counsellor, tracing agent, property management agent, licensed conveyancer, qualified conveyancer or other professional adviser acting as such; or
    - (B) any locksmith, builder or other contractor acting as such in relation to a Property,

in any such case being a person or persons whom the Servicer would be willing to appoint in respect of its own mortgages in connection with the performance by the Servicer of any of its obligations or functions or in connection with the exercise of its powers under this Agreement; or
  - (ii) to any delegation to any wholly-owned subsidiary of the Seller from time to time.
  - (c) The LLP and the Security Trustee may require the Servicer to assign to the LLP any rights which the Servicer may have against any sub-contractor or delegate arising from the performance of services by such person relating to any matter contemplated by this Agreement and the Servicer acknowledges that such rights assigned to the LLP will be exercised by the LLP subject to the terms of the LLP Deed.
  - (d) Notwithstanding any sub-contracting or delegation of the performance of its obligations under this Agreement, the Servicer shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of all of the obligations

of the Servicer under this Agreement, and the performance or non-performance or the manner of performance by any sub-contractor or delegate of any of the Services shall not affect the Servicer's obligations under this Agreement and any breach in the performance of the Services by such sub-contractor or delegate shall, subject to the Servicer being entitled for a period of 20 London Business Days from receipt of any notice of the breach to remedy such breach by any sub-contractor or delegate, be treated as a breach of this Agreement by the Servicer.

### **3.3 Notices etc.**

Promptly upon request by the LLP and the Security Trustee, the Servicer shall procure that any notices which the LLP or the Security Trustee may require the Seller to give pursuant to **Clause 7.5** of the Mortgage Sale Agreement are so given by the Servicer on the Seller's behalf.

### **3.4 Liability of Servicer**

- (a) The Servicer shall indemnify the LLP on demand on an after-tax basis for any loss, liability, claim, expense (including any amounts in respect of applicable VAT (including Irrecoverable VAT) in relation thereto) or damage suffered or incurred by the LLP in respect of the negligence or wilful default of the Servicer in carrying out its functions as Servicer under this Agreement or the other Transaction Documents or as a result of a breach by the Servicer of the terms and provisions of this Agreement or the other Transaction Documents in relation to such functions.
- (b) For the avoidance of doubt, the Servicer shall not be liable in respect of any loss, liability, claim, expense (including any amounts in respect of applicable VAT (including Irrecoverable VAT) in relation thereto) or damage suffered or incurred by the LLP and/or any other person as a result of the proper performance of the Services by the Servicer save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence or wilful default of the Servicer or as a result of a breach by the Servicer of the terms and provisions of this Agreement or the other Transaction Documents in relation to such functions.

### **3.5 Perfection of the Sale of Mortgage Loans to the LLP**

Subject to **Clause 4** of the Mortgage Sale Agreement:

- (a) within 20 London Business Days of the occurrence of any of the events referred to in **Clause 4.1** of the Mortgage Sale Agreement, the Servicer shall execute or procure the execution of the transfers and assignments referred to in **Clause 4.2** of the Mortgage Sale Agreement on behalf of the Seller or shall provide sufficient information to enable the LLP or the Security Trustee to do so; and
- (b) upon the Seller being required to do so by the LLP or the Security Trustee pursuant to **Clause 4.5** of the Mortgage Sale Agreement, the Servicer shall do or procure the doing of all or any of the acts, matters or things (including, for the avoidance of doubt, those acts, matters or things referred to in **Clause 4.4** of the Mortgage Sale Agreement) on behalf of the Seller or shall provide sufficient information to enable the LLP or the Security Trustee to do so.

#### 4. STANDARD VARIABLE RATE AND TRACKER LOANS

4.1 The LLP hereby grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Terms, to determine and set:

- (a) the LLP Standard Variable Rate chargeable to Borrowers of relevant Variable Rate Loans in the Portfolio from time to time. In exercising such right, liberty and authority the Servicer undertakes to each of the other parties to this Agreement that it shall not at any time set or maintain the LLP Standard Variable Rate applicable to such Variable Rate Loans in the Portfolio at a rate which is higher than the then prevailing Abbey Standard Variable Rate, unless the Servicer is required to do so pursuant to **Clause 4.3** or **4.4**, and, subject to that requirement, it shall not change the LLP Standard Variable Rate save for the same reasons as the Seller was entitled, under the relevant Mortgage Terms, to change the Abbey Standard Variable Rate prior to the assignment to the LLP of such Loans and their Related Security. The LLP shall be bound by the LLP Standard Variable Rate set in accordance with this Agreement;
- (b) any variable margin in respect of Tracker Loans. In exercising such right, liberty and authority the Servicer undertakes to each of the other parties to this Agreement that:
  - (i) where the Offer Conditions relating to any Tracker Loan provide that the margin shall be the same as the margin applicable to all other Loans having the same Offer Conditions in relation to the setting of the interest rate, the Servicer shall not at any time set or maintain a margin which is higher than the margin which is then being set by the Seller in relation to any loans carrying the same Offer Conditions relating to interest rate setting which are beneficially owned by the Seller outside the Portfolio; and
  - (ii) in relation to any other Tracker Loan with a variable margin, the Servicer shall not at any time set or maintain a margin which is higher than the margin which would then be set in accordance with the Seller's policy (or, if the Seller's policy is no longer dealing with the setting of such margins, in accordance with the standards of a Reasonable, Prudent Mortgage Lender) in relation to that Loan if that Loan was beneficially owned by the Seller outside the Portfolio,

unless the Servicer is required to do so pursuant to **Clause 4.3** or **4.4** below, and, subject to that requirement, it shall not change any variable margin applicable to any Tracker Loan save for the same reasons as the Seller was entitled, under the relevant Mortgage Terms, to change such margin prior to the sale to the LLP of such Loans and their Related Security. The LLP shall be bound by any margin in relation to any Tracker Loan comprised in the Portfolio set in accordance with the terms of this Agreement; and

- (c) any other applicable discretionary rate or margin in relation to Variable Rate Loans in the Portfolio. In exercising such right, liberty and authority the Servicer undertakes to each of the other parties to this Agreement that it will not set or maintain such rate or margin at a rate or margin higher than the equivalent rate or margin then being set by the Seller in accordance with the Seller's Policy (or, if the Seller's Policy no longer deals with the setting of such rate or margin, in accordance with the standards of a Reasonable, Prudent Mortgage Lender) in relation to Loans having the same Mortgage Terms relating to the setting of the interest rate beneficially owned by the Seller outside the Portfolio, unless the Servicer is required to do so pursuant to **Clause 4.3** or **4.4** below, and, subject to that requirement, it shall not change any such rate or margin save for the same reasons as the Seller was entitled, under the relevant Mortgage Terms, to change such rate or margin prior to the sale to the

LLP of such Loans and their Related Security. The LLP shall be bound by any rate or margin in relation to any such Variable Rate Loan comprised in the Portfolio set in accordance with the terms of this Agreement.

4.2 The Servicer shall take the steps rendered necessary by the relevant Mortgage Terms and applicable law (including, without limitation, to the extent applicable, the Guidance Note on Interest Variation Terms issued by the Office of Fair Trading in February 2000, the rules and guidance contained in the FSA's handbook of rules and guidance and the FSA's Statement of Good Practice "Fairness of terms in consumer contracts" and any successor guideline or applicable guidelines) to bring each change in such rate or rates of interest to the attention of the relevant Borrowers, whether due to a change in the LLP Standard Variable Rate or as a consequence of any provisions of the Mortgage Terms. Any change in the LLP Standard Variable Rate shall be notified in writing to each of the LLP and the Security Trustee as soon as reasonably practicable. All costs arising in relation to such a notification of a change in such rate or rates of interest shall be borne by the Servicer.

4.3 (a) On each Calculation Date the Servicer shall determine, having regard to:

- (i) the income which the LLP would expect to receive during the next succeeding LLP Payment Period (the **relevant LLP Payment Period**);
- (ii) the LLP Standard Variable Rate in relation to any Loan in the Portfolio which the Servicer proposes to set under this **Clause 4**;
- (iii) the variable margins in respect of Tracker Loans in the Portfolio which the Servicer proposes to set under this **Clause 4**;
- (iv) any other applicable discretionary rates or margins in relation to other Loans in the Portfolio which the Servicer proposes to set under this **Clause 4**; and
- (v) the other resources available to the LLP including payments received under the Interest Rate Swap Agreement (if any) and, where relevant, the relevant Covered Bond Swap Agreements,

whether the LLP would receive an amount of income during the relevant LLP Payment Period which when aggregated with the funds otherwise available to it is less than the amount which is the aggregate of (A) the amount of interest which would be payable (or provisioned to be paid) under the Intercompany Loan Agreement or, if a Notice to Pay has been served, the Covered Bond Guarantee on the LLP Payment Date falling immediately after the end of the relevant LLP Payment Period and relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements in respect of all Covered Bonds on the LLP Payment Date falling immediately after the end of the relevant LLP Payment Period and (B) the other expenses payable by the LLP ranking in priority thereto in accordance with the relevant Priority of Payments applicable prior to an LLP Event of Default (the **Interest Rate Shortfall Test**). Any shortfall shall be referred to herein as the **Interest Rate Shortfall**.

- (b) If the Servicer determines that the Interest Rate Shortfall Test will not be met, it will within one London Business Day give written notice to the LLP and the Security Trustee of the amount of such Interest Rate Shortfall and of the LLP Standard Variable Rate, any variable margins applicable in relation to Tracker Loans in the Portfolio and any other applicable discretionary rates or margins on other Variable Rate Loans in the Portfolio which would, in the Servicer's opinion, need to be set in order for no Interest Rate Shortfall to arise and the Interest Rate Shortfall Test to be met, having regard to the date(s) (which shall be specified

in the notice) on which such change to the LLP Standard Variable Rate and any variable margins applicable to any Tracker Loans in the Portfolio and any other applicable discretionary rates or margins on other Variable Rate Loans in the Portfolio would take effect and at all times acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender as regards the competing interests of Borrowers with Loans in respect of which interest is calculated by reference to Standard Variable Rate and Borrowers with Tracker Loans and Borrowers with other Variable Rate Loans in respect of which any other applicable discretionary rates or margins apply.

- (c) If the LLP or the Security Trustee notifies the Servicer that, having regard to the obligations of the LLP, the LLP Standard Variable Rate and/or any variable margins applicable in relation to Tracker Loans in the Portfolio and/or any other applicable discretionary rates or margins in relation to other Variable Rate Loans in the Portfolio should be increased, the Servicer shall take all steps which are necessary, including publishing any notice which is required in accordance with the relevant Mortgage Terms, to effect such change in the LLP Standard Variable Rate and/or any variable margins applicable in relation to Tracker Loans in the Portfolio and/or any other applicable discretionary rates or margins in relation to other Variable Rate Loans in the Portfolio on the date(s) specified in the notice referred to in **Clause 4.3(b)**.

4.4 (a) Following an Abbey Event of Default and if it remains outstanding, the Servicer shall determine on each Calculation Date, having regard to the aggregate of:

- (i) the LLP Standard Variable Rate in relation to any Variable Rate Loan, any variable margins applicable in relation to any Tracker Loans and any other applicable discretionary rates or margins in relation to other Variable Rate Loans in the Portfolio which the Servicer proposes to set under the Servicing Agreement for the relevant LLP Payment Period; and
- (ii) the other resources available to the LLP under the Interest Rate Swaps,

whether the LLP would receive an aggregate amount of interest on the Loans in the Portfolio and amounts under the Interest Rate Swap Agreement during the relevant LLP Payment Period which would give an annual yield on the Loans in the Portfolio of at least the weighted average of LIBOR for Sterling deposits under the Interest Rate Swaps as at the immediately preceding Calculation Date plus 0.15 per cent. (the **Yield Shortfall Test**).

- (b) If the Servicer determines that the Yield Shortfall Test will not be met, it will give written notice to the LLP and the Security Trustee, within one London Business Day, of the amount of the shortfall and of the LLP Standard Variable Rate and any variable margins applicable in relation to Tracker Loans and any other applicable discretionary rates or margins in relation to any other Variable Rate Loans which would, in the Servicer's opinion, need to be set in order for no shortfall to arise and the Yield Shortfall Test to be met, having regard to the date(s) (which shall be specified in the notice) on which such change to the LLP Standard Variable Rate, any variable margins applicable to any Tracker Loans in the Portfolio and any other applicable discretionary rates or margins in relation to any other Variable Rate Loans would take effect and at all times acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender.
- (c) If the LLP or the Security Trustee notifies the Servicer that, having regard to the obligations of the LLP, the LLP Standard Variable Rate and/or any variable margins applicable in relation to Tracker Loans in the Portfolio and/or any other applicable discretionary rates or margins in relation to any other Variable Rate Loans should be increased, the Servicer shall

take all steps which are necessary, including publishing any notice which is required in accordance with the relevant Mortgage Terms, to effect such change in the LLP Standard Variable Rate and/or any variable margins applicable in relation to Tracker Loans in the Portfolio and/or any other applicable discretionary rates or margins on the date(s) specified in the notice referred to in **Clause 4.4(b)**.

- 4.5 The LLP and the Security Trustee may terminate the authority of the Servicer under **Clauses 4.1, 4.3 and 4.4** to determine the LLP Standard Variable Rate and any variable margins in relation to Tracker Loans in the Portfolio and any other applicable discretionary rates or margins in relation to any other Variable Rate Loans on or after the occurrence of a Servicer Event of Default, in which case the LLP shall set the LLP Standard Variable Rate and any variable margins in relation to Tracker Loans and any other applicable discretionary rates or margins in relation to any other Variable Rate Loans, save that the Seller shall be entitled to make representations to the LLP with respect to any changes in any variable margins in relation to Tracker Loans.
- 4.6 The Servicer has granted security powers of attorney to the LLP and the Security Trustee in the form set out in **Schedule 5** allowing either the LLP or the Security Trustee and their delegates from time to time (*inter alios*) to set the LLP Standard Variable Rate, any variable margins applicable in relation to Tracker Loans in the Portfolio and any other discretionary rates or margins applicable to other Variable Rate Loans in the Portfolio should the Servicer fail to do so in accordance with its obligations under this Agreement but only to the extent that such rates have been previously notified to the LLP and the Security Trustee pursuant to **Clause 4.3(b)**. Nothing in this **Clause 4.6** shall prevent the Seller (or any of its attorneys from time to time) from setting a higher Abbey Standard Variable Rate or higher variable margins applicable in relation to Tracker Loans or higher rates for other discretionary rates or margins than those set or to be set or required or to be required by the LLP and the Security Trustee.
- 4.7 Unless either the Security Trustee or the LLP needs to do so to avoid an Interest Rate Shortfall or following an Abbey Event of Default to ensure that a breach of the Yield Shortfall Test does not occur, neither the Security Trustee nor the LLP shall set the LLP Standard Variable Rate or any variable margins applicable in relation to Tracker Loans or any other applicable discretionary rates or margins for other Variable Rate Loans in the Portfolio (disregarding any discounts or additions to it) at rates higher than the then equivalent rates for mortgage loans originated by the Seller which are not in the Portfolio.
- 4.8 Without prejudice to the above provisions of this Clause 4, at any time prior to the transfer of legal title to the Portfolio (or any part thereof) in accordance with Clause 4 of the Mortgage Sale Agreement, the LLP may serve written notice on the Servicer instructing the Servicer to set the LLP Standard Variable Rate, but only with effect from the date on which such transfer of legal title is effected (including publishing any notice which is required in accordance with the Mortgage Conditions to effect such change in the LLP Standard Variable Rate), to a rate equal to LIBOR for three-month Sterling deposits determined as at the Interest Payment Date immediately preceding such transfer of legal title plus the Post-Perfection SVR-LIBOR Margin and thereafter the Servicer shall set the LLP Standard Variable Rate on a quarterly basis as at each Interest Payment Date (including publishing any notice which is required in accordance with the Mortgage Conditions to effect such change in the LLP Standard Variable Rate) at a rate equal to LIBOR for three-month Sterling deposits determined as at that Interest Payment Date plus the Post-Perfection SVR-LIBOR Margin.

For the purposes of this Clause 4.8, **Post-Perfection SVR-LIBOR Margin** means 2.95 per cent. or any higher percentage specified as such in the most recent Final Terms.

## 5. ADMINISTRATION OF MORTGAGES

### 5.1 Direct Debiting Scheme

- (a) For the purposes of collecting amounts due from Borrowers under the Loans and their Related Security comprised in the Portfolio, the Servicer will unless otherwise agreed in writing with the LLP and the Security Trustee:
  - (i) act, or procure that another person approved by the LLP (such approval not to be unreasonably withheld or delayed or made subject to conditions) (the Third Party Collection Agent) acts as collection agent for the LLP under the Direct Debiting Scheme and remains a member of the Direct Debiting Scheme or any scheme which replaces the Direct Debiting Scheme;
  - (ii) subject to **Clauses 5.1(b)** and **5.1(c)**, deliver to the Bankers Automated Clearing System (**BACS**), the Account Bank at which the GIC Account is maintained, any other bank account to which the collection account has been transferred in accordance with Clause 5.1(a)(ii)(B), or to the Seller in respect of any collection accounts it maintains (as appropriate) such instructions as may be necessary from time to time for the debit of the account of each Borrower in respect of which there is a direct debit mandate (the date of such delivery being the D.D. Date) with the Monthly Payment due from such Borrower, and then to ensure that the amount of such Monthly Payment is credited to the GIC Account on the D.D. Date or, if such day is not a London Business Day, the next following London Business Day, provided that:
    - (A) if the Account Bank Agreement is terminated or replaced in accordance with **Clause 7.1(ii)** of the Bank Account Agreement: (i) all instructions by the Servicer to debit the accounts of Borrowers that are subject to direct debit bank mandates in favour of the GIC Account or Standby GIC Account (as applicable) shall be transferred to the relevant replacement Account Bank or Standby Account Bank (as applicable); and (ii) all transfers of monies by the Servicer to the GIC Account or Standby GIC Account (as applicable) shall thereafter be made to the relevant replacement GIC Account or Standby GIC Account (as applicable); and
    - (B) if the short-term ratings of the Seller or Servicer, or any other bank, in respect of any collection account into which such direct debit payments are paid falls below P-2 by Moody's, A-2 by S&P or BBB+ long-term by Fitch or F2 short term by Fitch (or such other ratings that may be agreed between the parties to this Agreement and the relevant Rating Agency from time to time) (the **Collections Required Rating**), all further instructions by the Servicer to debit the accounts of Borrowers that are subject to direct debit bank mandates in favour of such collection accounts shall be made to another bank which has a rating of at least the Collections Required Rating, or directly to the Account Bank or Standby Account Bank (as applicable) for direct payment into the GIC Account or the Standby GIC Account (as applicable);
  - (iii) subject to **Clauses 5.1(b)** and **5.1(c)**, deliver to BACS, the Account Bank at which the GIC Account is maintained, any other bank account to which the collection account has been transferred in accordance with Clause 5.1(a)(ii)(B) or to the Seller in respect of any collection accounts it maintains (as appropriate) not later than ten

London Business Days before the next succeeding Monthly Payment Day after the D.D. Date, instructions for the debit of the account of each Borrower in respect of which there is a direct debit mandate of the amount of the Monthly Payment due and owing from such Borrower on the last D.D. Date which remains outstanding on the date of presentation of such instructions. Any such amount shall be credited to the GIC Account, provided that:

- (A) if the Account Bank Agreement is terminated or replaced in accordance with **Clause 7.1(ii)** of the Bank Account Agreement: (i) all instructions by the Servicer to debit the accounts of Borrowers that are subject to direct debit bank mandates in favour of the GIC Account or Standby GIC Account (as applicable) shall be transferred to the relevant replacement Account Bank or Standby Account Bank (as applicable); and (ii) all transfers of monies by the Servicer to the GIC Account or Standby GIC Account (as applicable) shall thereafter be made to the relevant replacement GIC Account or Standby GIC Account (as applicable); and
- (B) if the short-term ratings of the Seller or Servicer in respect of any collection account into which such direct debit payments are paid falls below the Collections Required Rating, all further instructions by the Servicer to debit the accounts of Borrowers that are subject to direct debit bank mandates in favour of such collection accounts of the Seller or Servicer shall be made to another bank which has a rating of at least the Collections Required Rating, or directly to the Account Bank or Standby Account Bank (as applicable) for direct payment into the GIC Account or the Standby GIC Account (as applicable);
- (iv) subject to **Clauses 5.1(b)** and **5.1(c)**, deliver to BACS or to the Account Bank at which the GIC Account is maintained such other instructions for the debit of the account of each Borrower in respect of which there is a direct debit mandate in accordance with the Direct Debiting Scheme as may be appropriate for the recovery of sums due from such Borrower;
- (v) comply in all material respects with the requirements from time to time of the Direct Debiting Scheme including "The Originator's Guide and Rules to the Direct Debiting Scheme" as amended from time to time; and
- (vi) take all such other steps as are reasonably appropriate, including in particular the preparation and administration of appropriate computer tapes in connection with BACS, to ensure that all moneys received from Borrowers during banking hours on any particular day are credited on that day to the GIC Account.
- (b) The Servicer may agree with a Borrower that the Direct Debiting Scheme shall not apply to Monthly Payments to be made by such Borrower, provided, subject to **Clause 5.1(d)**, that (i) alternative payment arrangements are made which are intended to ensure timely payment of Monthly Payments due from the Borrower to the LLP, and (ii) the change in arrangements was made at the instigation of the Borrower or by the Servicer in accordance with the procedures which would be adopted by a Reasonable, Prudent Mortgage Lender.
- (c) The Servicer may, notwithstanding the proviso to **Clause 5.1(b)**, agree such procedures for the payment by a Borrower of (i) overdue amounts and (ii) amounts payable on redemption of a Loan or a Mortgage in whole or in part other than through the Direct Debiting Scheme as would be agreed by a Reasonable, Prudent Mortgage Lender.



- (d) Where a Borrower permits a direct debit to be made to its bank account, the Servicer will endeavour to procure that such Borrower maintains a valid and effective mandate relating to such direct debit in relation to each Monthly Payment due from that Borrower, provided that in any case where a Borrower will not permit a direct debit to be made to his bank account the Servicer will endeavour to make alternative arrangements acceptable to a Reasonable, Prudent Mortgage Lender so that such Borrower nevertheless pays each Monthly Payment on the due date.
- (e) In the event that the BACS system ceases to operate for any reason, the Servicer will use reasonable endeavours to make alternative arrangements for the use of the back-up systems available to the Account Banks.
- (f) If at any time the Servicer shall receive notice whether under the Direct Debiting Scheme or otherwise that any amount (or part thereof) which was paid in or credited pursuant to **Clause 5.1** and which has been transferred to the GIC Account has not been received as cleared funds or has otherwise been recalled, the Servicer shall notify the Cash Manager and instruct the Cash Manager forthwith to debit the GIC Account and credit the relevant collection account for the whole or any part of such amount (such amount hereinafter referred to as the "shortfall") and an amount equal to any costs which are irrecoverable by the Servicer from the relevant Borrower and incurred by the Servicer as a result of such shortfall; provided that no debit from the GIC Account for the credit of the collection accounts in respect of any shortfall may be made on or after a Calculation Date in respect of the relevant period between that Calculation Date and the next LLP Payment Date unless sufficient funds are available after paying or making provision for the payment of amounts to be made on that LLP Payment Date. After the following LLP Payment Date, the LLP shall transfer or procure on its behalf the transfer from the GIC Account to the relevant collection account of an amount equal to such shortfall, subject to it having sufficient funds available to it, or the Servicer shall deduct an amount equal to such shortfall from payments otherwise due on a daily basis from the Seller to the LLP in respect of Principal Receipts and Revenue Receipts received under the Loans sold by the Seller to the LLP.
- (g) The Servicer shall pay any Third Party Amount received by it directly to the Seller.

## **5.2 Administration and Enforcement of Mortgages**

- (a) The LLP hereby directs the Servicer to administer the Loans and their Related Security comprised in the Portfolio in accordance with this Agreement:
  - (i) as if the Loans and their Related Security in the Portfolio had not been sold to the LLP but remained with the Seller; and
  - (ii) in accordance with the Seller's administration, arrears and enforcement policies and procedures forming part of the Servicer Policy from time to time as they apply to those Loans.
- (b) The Servicer will, in relation to any default by a Borrower under or in connection with a Loan or a Mortgage comprised in the Portfolio, enforce the Loan or Mortgage in accordance with the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, with the procedures that would be undertaken by a Reasonable, Prudent Mortgage Lender on behalf of the LLP, provided that:

- (i) the Servicer shall only become obliged to comply with the Enforcement Procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default;
- (ii) it is acknowledged by the LLP and the Security Trustee that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would a Reasonable, Prudent Mortgage Lender in applying the Enforcement Procedures to any particular defaulting Borrower or taking action as aforesaid, provided that in exercising such discretion the interests of the LLP are not materially prejudiced; and
- (iii) in any case where any of the Insurance Policies requires exact compliance with certain enforcement procedures, the Servicer shall procure the prior written consent of the relevant insurance company for any deviation by it from such enforcement procedures.

### **5.3 Records**

The Servicer shall keep and maintain records in relation to the Loans and their Related Security comprised in the Portfolio, on a Loan by Loan basis, for the purposes of identifying amounts paid by each Borrower, any amount due from a Borrower and the Outstanding Principal Balance of each Loan and such other records as would be kept by a Reasonable, Prudent Mortgage Lender. The Servicer will provide such information to the LLP and/or the Security Trustee or to their order at any time upon reasonable notice subject to the Servicer being reasonably capable of providing such information without significant additional cost and subject to the provisions of the Data Protection Laws (as defined in Clause 18.2) and other applicable legislation from time to time and provided that no duty of confidence and no industry code of practice will or may be breached thereby.

### **5.4 Trust**

- (a) If the Servicer in carrying out its functions as Servicer under this Agreement receives (including in its capacity as agent for the LLP) any money whatsoever arising from the Loans and their Related Security comprised in the Portfolio, which money belongs to the LLP and is to be paid to the GIC Account pursuant to this Agreement or any of the other Transaction Documents or otherwise, it will hold such moneys on a bare trust for the LLP and shall keep such money separate from all other moneys held by the Servicer and shall, as soon as reasonably practicable and in any event within three London Business Days of receipt of the same, pay the moneys into the GIC Account.
- (b) All other sums received by the Servicer in respect of the Loans and their Related Security comprised in the Portfolio shall be held by the Servicer for itself.

## **6. NO LIABILITY**

- 6.1 The Servicer shall have no liability for any obligation of a Borrower under any Loan comprised in the Portfolio or any Related Security and nothing herein shall constitute a guarantee, indemnity or similar obligation, by or of the Servicer of or in relation to any Loan, any Related Security or any Borrower.
- 6.2 Save as otherwise provided in this Agreement, the Servicer shall have no liability for the obligations of the LLP under any of the Transaction Documents or otherwise and nothing herein shall constitute a guarantee, indemnity or similar obligation, by or of the Servicer of the LLP in respect of any of those obligations.

## **7. NEW LOANS**

- 7.1 The Portfolio may be augmented from time to time by the sale to the LLP on any Assignment Date of New Loans and their Related Security by the Seller in accordance with the Mortgage Sale Agreement.
- 7.2 The sale by the Seller of New Loans and their Related Security to the LLP will in all cases be subject to the terms set out in the Mortgage Sale Agreement including, without limitation, the conditions set out in **Clause 2** of the Mortgage Sale Agreement and the Representations and Warranties made by the Seller pursuant to **Clause 6** of the Mortgage Sale Agreement.

## **8. PRODUCT SWITCHING AND FURTHER ADVANCES**

- 8.1 The Servicer (in its capacity as the servicer of the Loans and their Related Security in the Portfolio on behalf of the LLP) shall not agree to a Product Switch or make a Further Advance to a Borrower if to do so would cause the LLP to be in contravention of the FSMA. The Seller (in its capacity as such) may agree to a Product Switch or make a Further Advance if it repurchases the Loan that is the subject of the Product Switch or Further Advance in accordance with **Clause 6.4** of the Mortgage Sale Agreement and if by doing so the LLP would not thereby be in contravention of the FSMA.
- 8.2 Subject to **Clause 8.1**, where the Servicer accepts an application for a Product Switch or a Further Advance, the Servicer shall then notify the Seller and the LLP in writing.
- 8.3 Notwithstanding **Clause 8.2**, but subject to complying with **Clause 8.1**, the Servicer on behalf of and as agent for the LLP may accept applications from Borrowers for Product Switches and Further Advances provided that the Servicer acts in accordance with the Seller's Policy and which would be acceptable to a Reasonable, Prudent Mortgage Lender.

## **9. REDEMPTION OF MORTGAGES**

- 9.1 Upon repayment in full of all sums due in relation to any Loans comprised in the Portfolio secured by a Mortgage and/or other Related Security comprised in the Portfolio, the Servicer shall, and is hereby authorised by the LLP and the Security Trustee to, execute a receipt or discharge or relevant Land Registry Form DS1 with respect to the Mortgage and any such other or further instrument or deed of satisfaction regarding such Mortgage and/or other Related Security as it considers to be necessary or advisable, and to release the relevant Title Deeds (to the extent that the relevant Loan is not a Dematerialised Loan and such Title Deeds are in its possession) to the person or persons entitled thereto.
- 9.2 In relation to Loans which are not Dematerialised Loans, the Servicer undertakes that prior to any actual release by it of the relevant Title Deeds it will take appropriate steps, acting as a Reasonable, Prudent Mortgage Lender, to satisfy itself that the relevant Title Deeds are being released to the person or persons entitled thereto.
- 9.3 The Servicer shall procure that if, upon completion of the Enforcement Procedures in relation to a Loan and its Related Security in the Portfolio, an amount in excess of all sums due from the relevant Borrower is recovered or received, the balance, after discharge of all sums due from the relevant Borrower, is paid to the person or persons next entitled thereto.

## **10. POWERS OF ATTORNEY**

- 10.1 For good and valuable consideration and as security for the interests of the LLP hereunder, the LLP hereby appoints the Servicer as its attorney on its behalf, and in its own or the attorney's name, for the following purposes:

- (a) executing all documents necessary for the purpose of discharging a Mortgage and/or any other Related Security in relation to a Loan comprised in the Portfolio which has been repaid in full and any other Related Security or for the sale of a Property which is subject to a Mortgage;
- (b) executing all documents necessary for the purpose of releasing or discharging a Mortgage in accordance with **Clause 9**;
- (c) executing all documents and doing all such acts and things which in the reasonable opinion of the Servicer are necessary or desirable for the efficient provision of the Services hereunder; and
- (d) exercising its rights, powers and discretion under the Mortgages and/or any other Related Security relating to Loans comprised in the Portfolio including the right to fix the LLP Standard Variable Rate, any variable margins applicable in relation to Tracker Loans and any other applicable discretionary rates or margins,

provided that, for the avoidance of doubt, this power of attorney shall not authorise the Servicer to sell any of the Loans and/or their Related Security comprised in the Portfolio except as specifically authorised in the Transaction Documents. For the avoidance of doubt, the LLP shall not be liable or responsible for the acts of the Servicer or any failure by the Servicer to act under or in respect of this power of attorney.

- 10.2 The appointment contained in **Clause 10.1** shall be irrevocable unless and until the termination of the appointment of the Servicer pursuant to **Clause 21** of this Agreement upon which the appointments contained in **Clause 10.1** shall be automatically revoked.

## 11. COSTS AND EXPENSES

The LLP will on each LLP Payment Date reimburse, in accordance with **Clauses 14.3** or **17.5**, as applicable, of the LLP Deed, the Servicer for all out-of-pocket costs, expenses and charges (including any amounts in respect of applicable VAT (including Irrecoverable VAT) in relation thereto) properly incurred by the Servicer in the performance of the Services, including any such costs, expenses or charges not reimbursed to the Servicer on any previous LLP Payment Date, and the Servicer shall supply the LLP with VAT invoices, where appropriate, issued by the person making the supply.

## 12. INFORMATION

### 12.1 Maintenance of Records

- (a) The Servicer shall keep the Customer Files relating to the Loans comprised in the Portfolio in safe custody and shall take appropriate technical and organisational measures against the unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, personal data. The Servicer shall maintain in an adequate form such records as are necessary to enforce each Mortgage comprised in the Portfolio and, where relevant, any other Related Security. The Servicer shall keep Customer Files relating to Loans comprised in the Portfolio in such a way that they can be distinguished from information held by the Servicer for its own behalf as mortgagee or heritable creditor or for other third persons.
- (b) A duplicate of any computer records held by the Servicer which contains information relating to the Loans and their Related Security comprised in the Portfolio shall be lodged by

the Servicer on a daily basis with Bletchley Data Centre, Buckingham House, Buckingham Road, Bletchley, Milton Keynes, MK3 5LD and/or (in accordance with operational requirements) with Iron Mountain UK, 3<sup>rd</sup> Floor, Cottons Centre, Tooley Street, London SE1 2TT or at such other locations selected by the Servicer, such records to be held to the order of the Security Trustee and to be replaced by a revised duplicate as and when the original records are revised. The Servicer shall keep the Security Trustee informed of the location of the Customer Files and duplicate computer records.

## **12.2 Use of I.T. Systems**

- (a) The Servicer covenants that at the date hereof in respect of the software which is used by the Servicer in providing the Services, it shall for the duration of this Agreement:
  - (i) ensure that it has in place all necessary licences and/or consents from the respective licensor or licensors (if any) of such software; and
  - (ii) except insofar as it would breach any other of its legal obligations, grant to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the LLP elects as a New Servicer in accordance with the terms of this Agreement a licence to use any proprietary software together with any updates which may be made thereto from time to time.
- (b) The Servicer shall use reasonable endeavours to maintain in working order the information technology systems used by the Servicer in providing the Services.
- (c) The Servicer shall pass to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the LLP elects as a New Servicer in accordance with the terms of this Agreement the benefit of any warranties in relation to the software insofar as the same are capable of assignment.

## **12.3 Access to Books and Records**

Subject to all applicable laws, the Servicer shall permit the LLP (and its auditors) and the Security Trustee and any other person nominated by the LLP (to whom the Servicer has no reasonable objection) upon reasonable notice during normal office hours to have access, or procure that such person or persons are granted access, to all books of record and account (including, for the avoidance of doubt, the Title Deeds (to the extent such documents are in its possession) and Customer Files) relating to the administration of the Loans and their Related Security comprised in the Portfolio and related matters in accordance with this Agreement.

## **12.4 Information Covenants**

- (a) The Servicer shall provide the LLP, the Security Trustee and the Rating Agencies (i) monthly with a report in, or substantially in, the form set out in **Schedule 3** and (ii) quarterly with a report in, or substantially in, the form set out in **Schedule 2**, and shall assist the Cash Manager in the production of the Monthly Asset Coverage Reports substantially in the form set out in **Schedule 3** to the Cash Management Agreement.
- (b) The Servicer shall provide to the FSA information on the composition of the Loans and the Related Security in the Asset Pool, along with such other information as the FSA may request in respect of the Loans and the Related Security in accordance with the RCB Regulations and in the form and manner (if any) prescribed by the RCB Sourcebook.

- (c) The Servicer shall notify the Rating Agencies in writing of the details of (i) any material amendment to the Transaction Documents to which it is a party, (ii) any proposed material change in the valuation procedures or policies applied or to be applied in relation to Properties by it in connection with its mortgage business (details of which change may be included in a report provided under **Clause 12.4(a)**) and (iii) any other information relating to its mortgage business and financial condition as the Rating Agencies may reasonably request in connection with the ratings of any Covered Bonds issued under the Programme and other matters contemplated by the Programme, provided that such request does not adversely interfere with the Servicer's day to day provision of the Services under the other terms of this Agreement.
- (d) The Servicer shall, upon request, provide the LLP and the Security Trustee quarterly with a report stored upon electronic media including, but not limited to, a CD ROM in a form acceptable to the LLP and Security Trustee (each acting reasonably) containing information regarding the Loans then comprised in the Portfolio including, but not limited to, details of the relevant account number, the relevant Borrower's name, the title number and the postcode of the relevant Property and the completion date of the relevant Mortgage.
- (e) The Servicer shall, at the request of the LLP and the Security Trustee, provide the LLP, the Security Trustee and the Rating Agencies with such other information relating to its business and financial condition and (to the extent that it has such information and subject to any confidentiality restrictions binding upon it) that of any person to whom it has sub-contracted or delegated part of its obligations hereunder as it may be reasonable for the LLP and the Security Trustee (as appropriate) to request in connection with the ratings of any Covered Bonds issued under the Programme and other matters contemplated by the Programme, provided that the LLP or the Security Trustee (as appropriate) shall not make such a request more than once every three months unless, in the belief of the LLP or the Security Trustee (as appropriate), an Abbey Event of Default or a Servicer Termination Event shall have occurred and is continuing or may reasonably be expected to occur.
- (f) Subject to any applicable law or contrary instruction from the LLP, the Servicer shall provide to each beneficial owner of any Covered Bonds issued under the Programme (an **Investor**) monthly reports on the Portfolio in, or substantially in, the form of **Schedule 3** (the **Monthly Reports**). The Servicer, upon request by an Investor, shall also provide previous Monthly Reports to such Investor.
- (g) For the purposes of **Clause 12.4(f)**, the Servicer is entitled to assume that any person who has delivered to the Servicer a certificate in the form of **Schedule 4** is an Investor, and that any other person is not an Investor.
- (h) Subject to any applicable law or contrary instruction from both (and, for the avoidance of doubt, not only one) the LLP and the Security Trustee, the Servicer will make reasonable endeavours to make available to Investors Monthly Reports (including previous Monthly Reports) in an electronic format acceptable to the Security Trustee such as "Bloomberg".

### 13. REMUNERATION

The LLP shall pay to the Servicer for its Services hereunder an administration fee (the **Administration Fee**) (which shall be inclusive of an amount in respect of any applicable VAT) which:

- (a) shall be calculated in relation to each Calculation Period on the basis of the number of days elapsed in that Calculation Period and a 365 day year at a rate of 0.12 per cent. per annum of

the aggregate amount of the Loans in the Portfolio as at close of business on the preceding Calculation Date (or, as applicable, the First Assignment Date); and

- (b) shall be paid to the Servicer in arrear on each LLP Payment Date in the manner contemplated by and in accordance with the provisions of **Clauses 14.3(b)(i)** and **17.5(c)(i)** of the LLP Deed or **Clause 6.2** of the Deed of Charge.

#### **14. INSURANCES**

- 14.1 The Servicer will administer the arrangements for insurance to which the LLP is a party or in which either the Seller or the LLP has an interest and which relate to the Loans and their Related Security comprised in the Portfolio or the business of the LLP. In particular, but without limitation, the Servicer shall promptly notify the LLP and the Security Trustee of the existence of any insurance policies to which the Seller is a party or in which it has an interest in addition to those specifically referred to in the definition of "Abbey Insurance Policies" in the Master Definitions and Construction Agreement.
- 14.2 The Servicer shall credit to the GIC Account, all proceeds received from any claim made under any Insurance Policy in relation to any Loan or its Related Security comprised in the Portfolio by close of business not later than three London Business Days after the day on which such amounts are received by or credited to the Servicer and which are to be applied either in whole or in part in repayment of such a Loan.

#### **15. ABBEY INSURANCE POLICIES**

- 15.1 The Servicer shall not knowingly take or omit to take any action which would:
  - (a) result in the avoidance or termination of any of the Abbey Insurance Policies in relation to any Loans and their Related Security comprised in the Portfolio to which any Abbey Insurance Policy applies; or
  - (b) reduce the amount payable on any claim made on behalf of the LLP under any Abbey Insurance Policy; or
  - (c) invalidate any Abbey Insurance Policy.
- 15.2 The Servicer shall prepare and submit any claim under the Abbey Insurance Policies in accordance with the requirements of the relevant Abbey Insurance Policy and otherwise in accordance with the usual procedures undertaken by a Reasonable, Prudent Mortgage Lender on behalf of the LLP and shall comply with the other requirements of the insurer under the relevant Abbey Insurance Policy.

#### **16. BUILDINGS POLICIES**

- 16.1 The Servicer shall not knowingly take any action or omit to take any action which would result in the avoidance or termination of any applicable Buildings Policy or would reduce the amount payable on any claim thereunder.
- 16.2 Upon receipt of notice that any Borrower under a Loan comprised in the Portfolio whose Loan is secured by a mortgage of or a standard security over a leasehold Property has failed to make a payment when due of any sums due under the relevant lease in respect of the insurance of the property, the Servicer may debit that Borrower's account with the relevant amount which shall then be paid to the landlord.

- 16.3 If the Servicer becomes aware that a Borrower under a Loan comprised in the Portfolio has failed to pay premiums due under any Buildings Policy, the Servicer shall take such action as would be taken by a Reasonable, Prudent Mortgage Lender with a view to ensuring that the relevant Property continues to be insured in accordance with the applicable Mortgage Terms or the Alternative Insurance Requirements.

## **17. TITLE DEEDS**

- 17.1 Save in relation to Loans which are Dematerialised Loans, the Servicer shall keep the Title Deeds relating to the Loans and their Related Security comprised in the Portfolio in safe custody and shall not without the prior written consent of the LLP and the Security Trustee part with possession, custody or control of them otherwise than to a sub-contractor or delegate appointed pursuant to **Clause 3.2** or to a solicitor, licensed conveyancer, qualified conveyancer or authorised practitioner, subject to the usual undertaking to hold them to the order of the Seller (who in turn will hold them to the order of the Security Trustee) or to the Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds or, upon redemption of the relevant Loan, to the order of the Borrower.
- 17.2 Save in relation to Loans which are Dematerialised Loans, the Title Deeds relating to the Loans and their Related Security comprised in the Portfolio shall be kept in such a manner so that a computer record is maintained of their location and they are identifiable and retrievable by reference to an account number and pool identifier and identifiable and distinguishable from the title deeds relating to other properties and mortgages and standard securities in respect of which the Servicer is mortgagee or chargee (or, in Scotland, heritable creditor) or servicer. In the event of receipt by the Servicer of notice that the short-term, unsecured, unsubordinated and unguaranteed debt ratings of the Servicer are less than A-1+ by S&P and P-1 by Moody's and F1 by Fitch, the Servicer shall use reasonable endeavours to ensure that the Title Deeds, save in relation to Loans which are Dematerialised Loans, relating to the Loans and their Related Security comprised in the Portfolio and the Customer Files are located separately from the title deeds and customer files of other properties and mortgages which do not form part of the Portfolio.
- 17.3 The Servicer shall provide access or procure that access is provided to the Title Deeds (other than Title Deeds in respect of Loans which are Dematerialised Loans) relating to the Loans and their Related Security comprised in the Portfolio to the LLP, the Security Trustee and their respective agents at all reasonable times and upon reasonable notice. The Servicer acknowledges that the Customer Files and, save in relation to Loans which are Dematerialised Loans, the Title Deeds relating to the Loans and their Related Security comprised in the Portfolio in its possession, custody or control will be held to the order of the Security Trustee and that it has, in its capacity as Servicer, no beneficial interest therein and the Servicer irrevocably waives any rights or any Security Interest which it might have therein or to which it might at any time be entitled.
- 17.4 The Servicer shall, forthwith on the termination of the appointment of the Servicer pursuant to **Clause 21** of this Agreement, deliver the Customer Files and, save in relation to Loans which are Dematerialised Loans, the Title Deeds relating to the Loans and their Related Security comprised in the Portfolio to or to the order of the Security Trustee or to such person as the LLP elects as a New Servicer in accordance with the terms of this Agreement upon written request by the LLP or the Security Trustee made at any time on or after notice of, or on or after, termination of the appointment of the Servicer pursuant to **Clause 21** of this Agreement.
- 17.5 The Servicer undertakes that it will use all reasonable endeavours to obtain, as soon as practicable and, in any event, in the case of the Mortgages in the Initial Portfolio, on or prior to the Calculation Date falling in June 2006, and in the case of Mortgages which relate to New Loans, on or prior to the first Calculation Date falling after the first anniversary of the date on which the New Loans are



purchased from the Seller, title numbers to each Property in respect of which a Mortgage is registered at the Land Registry or the Land Register of Scotland and the recording dates of each Scottish Mortgage recorded at the General Register of Sasines and the folio numbers to each property in respect of which a Mortgage is registered at the Land Registry of Northern Ireland and the registration details of each Northern Irish Mortgage registered at the Registry of Deeds. The Servicer shall include in the quarterly report to be provided to the LLP, the Security Trustee and the Rating Agencies in accordance with Clause 12.4(a)(ii) above in relation to the Calculation Date falling in June 2006, details of such title numbers, recording dates, folio numbers and registration details relating to the Initial Portfolio as are then known to the Servicer at the time of such report together with such other information relating thereto as the Security Trustee may reasonably request.

## **18. DATA PROTECTION**

### **18.1 In this Clause 18:**

**Data Protection Laws means:** (a) from the date of this Agreement up to and including 24 May 2018: (i) Directive 95/46/EC and any applicable national law or regulation that implements that Directive, (ii) the UK Data Protection Act 1998, and (iii) any applicable law in any relevant jurisdiction that applies to the processing of data relating to living persons; and (b) from and including 25 May 2018: (i) Regulation (EU) 2016/679, and (ii) any other applicable law in any relevant jurisdiction that applies to the processing of data relating to living persons, in each case as amended or replaced from time to time;

**Relevant Personal Data** means Personal Data provided or made available to the Servicer for the purpose of providing the Services, performing its obligations or exercising its rights arising under or in connection with this Agreement;

**Personal Data Breach** means any actual or suspected breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to Relevant Personal Data transmitted, stored or otherwise processed; and

the terms **Data Controller**, **Data Processor**, **Data Subject**, **Personal Data**, and **processing** shall each have the meanings set out in the Data Protection Laws.

18.2 The Servicer and the LLP each acknowledge that, for the purpose of Data Protection Laws, it is a Data Controller of Relevant Personal Data and that it, independently of and not jointly with the other, determines the purposes of which and the manner in which Relevant Personal Data is, or is to be, processed.

18.3 The Servicer and the LLP shall each, and the Servicer shall make all reasonable efforts to ensure that, in the event of the appointment of a sub-contractor in accordance with **Clause 3.2**, such sub-contractor shall abide by the Data Protection Laws in connection with this Agreement.

18.4 **Clause 18.3** does not apply to a breach of Data Protection Law by the LLP which arises as a result of an act or omission of the Servicer or its subcontractor in the processing of personal data on behalf of the LLP.

18.5 Each of the Servicer and the LLP shall:

- (a) upon becoming aware of any Personal Data Breach:
  - (i) notify the LLP or Servicer (as applicable) as soon as reasonably practicable and provide the LLP or Servicer (as applicable) with a reasonable description of the Personal Data Breach (including the facts surrounding it and the type of data that

was the subject of the Personal Data Breach) promptly upon such information becoming available;

- (ii) work together with the LLP or Servicer (as applicable), acting reasonably and in good faith, to mitigate any adverse effects of any such breach on the LLP's or Servicer's business (as applicable) and the affected Data Subjects;
- (iii) not release or publish any filing, communication, notice, press release or report concerning the breach without first consulting the other party with regards to the content of that notice and giving due regard to the LLP's or Servicer's reasonable comments (as applicable), save that it may disclose a Personal Data Breach to the extent required by applicable law; and
- (iv) bear all its own costs and expenses incurred as a result of any actions and steps undertaken in accordance with this **Clause 18.5(a)**;

- (b) to the extent permitted by law, if it receives any complaint, notice or communication from a supervisory authority which relates directly or indirectly to the LLP's or the Servicer's (as relevant): (1) processing of the Relevant Personal Data; or (2) an actual or potential failure by either the LLP or the Servicer to comply with Data Protection Laws, promptly forward the complaint, notice or communication to the other and provide the other with reasonable co-operation and assistance in relation to the same;
- (c) if, in relation to Relevant Personal Data, a Data Subject makes a written request to the LLP or the Servicer to exercise his or her rights of access, rectification or erasure, to restrict or object to processing of Relevant Personal Data or to data portability: (1) forward the request to the other promptly and in any event within five Business Days of the date of receipt of the request; and (2) respond promptly to such request, acting on behalf of the other where necessary, and meet applicable deadlines under the Data Protection Laws; and
- (d) taking into account the nature, scope, context and purpose of processing, implement and maintain appropriate technical and organisational security measures against accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or unauthorised access to Relevant Personal Data.

18.6 Notwithstanding **Clause 18.2**, the Servicer shall provide fair processing information, on behalf of both the Servicer and the LLP, to all Data Subjects to whom Relevant Personal Data relates.

18.7 Without prejudice to **Clause 18.2**, to the extent the Servicer acts as a Data Processor for the LLP in relation to Loans in the Portfolio, the Servicer shall:

- (a) process Relevant Personal Data only on the documented instructions of the LLP and, in particular, not process Relevant Personal Data other than for the purposes of administering and/or managing those Loans in the Portfolio;
- (b) inform the LLP if, in the Servicer's opinion, the LLP's instructions would breach Data Protection Laws;
- (c) comply with its obligations under **Clause 18.5(d)**; and
- (d) ensure that any copies of Relevant Personal Data in the possession or under the control of the Servicer are destroyed or returned to the LLP (at the LLP's option) when they are no longer required for the purposes of administering and/or managing those Loans in the

Portfolio, provided that the Servicer shall be entitled to retain copied of any Relevant Personal Data if required to do so by EU or UK Law.

- 18.8 The LLP agrees that it shall ensure that it complies at all times with the Data Protection Laws, and, in particular, the LLP shall ensure that any disclosure of Personal Data made by it to the Servicer is made with the Data Subject's consent or is otherwise lawful.

## **19. COVENANTS OF SERVICER**

- 19.1 The Servicer hereby covenants with and undertakes to each of the LLP and the Security Trustee that without prejudice to any of its specific obligations hereunder it will:

- (a) administer the Loans and their Related Security comprised in the Portfolio as if the same had not been sold to the LLP but remained with the Seller;
- (b) provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender;
- (c) comply with any proper directions, orders and instructions which the LLP may from time to time give to it in accordance with the provisions of this Agreement;
- (d) keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services and prepare and submit all necessary applications and requests for any further approval, authorisation, consent or licence required in connection with the performance of the Services and in particular any necessary licences and notifications under Data Protection Laws and the CCA;
- (e) save as otherwise agreed with the LLP, provide free of charge to the LLP, office space, facilities, equipment and staff sufficient to enable the LLP to fulfil its obligations under this Agreement;
- (f) not knowingly fail to comply with any legal requirements in the performance of the Services;
- (g) ensure that at all times the Loans (including the Flexible Loans) comply with the terms of the Consumer Credit Act 1974 (to the extent that such Loans are regulated by that Act);
- (h) make all payments required to be made by it pursuant to this Agreement on the due date for payment thereof in Sterling for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim;
- (i) not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents save in accordance with their terms;
- (j) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Loan pursuant to the Mortgage Sale Agreement, notify the LLP in writing of such event; and
- (k) within 60 days of the Servicer ceasing to be assigned a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or by S&P of at least BBB- or by Fitch of at least BBB-, the Servicer will use reasonable endeavours to enter into a new or a master servicing agreement with a third party (in such form as the LLP and the Security Trustee shall reasonably require) under which such third party will undertake the servicing obligations in relation to the Portfolio.

- 19.2 The covenants of the Servicer in **Clause 19.1** shall remain in force until this Agreement is terminated but without prejudice to any right or remedy of the LLP, the Security Trustee and/or the Seller arising from breach of any such covenant prior to the date of termination of this Agreement.

## **20. SERVICES NON-EXCLUSIVE**

Nothing in this Agreement shall prevent the Servicer from rendering or performing services similar to those provided for in this Agreement to or for itself or other persons, firms or companies or from carrying on business similar to or in competition with the business of the LLP.

## **21. TERMINATION**

- 21.1 If any of the following events (each, a **Servicer Termination Event** and, in relation to the events referred to in **Clauses 21.1(a) to 21.1(c)** to, a **Servicer Event of Default**) shall occur:

- (a) the Servicer defaults in the payment on the due date of any amount due and payable by it under this Agreement and does not remedy that default within three London Business Days after the earlier of the Servicer becoming aware of the default or receipt by the Servicer of written notice from the Security Trustee or the LLP requiring the default to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement which failure in the reasonable opinion of the Security Trustee is materially prejudicial to the interests of the Covered Bondholders, and does not remedy that default within 20 London Business Days after the earlier of the Servicer becoming aware of the default or receipt by the Servicer of written notice from the LLP and the Security Trustee requiring the default to be remedied, provided however that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 London Business Days of receipt of such notice from the LLP and the Security Trustee, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the LLP and the Security Trustee may specify to remedy such default or to indemnify the LLP against the consequences of such default;
- (c) an Insolvency Event occurs in relation to the Servicer;
- (d) neither the Servicer nor a Member of the Enlarged Abbey Group is servicing the Portfolio pursuant to this Agreement; or
- (e) the Servicer has not terminated the sub-contracting and delegation within ten London Business Days if required by **Clause 21.6**,

then the LLP and the Security Trustee may at once or at any time thereafter while such default continues by notice in writing to the Servicer terminate its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice. Upon termination of the Servicer as servicer under this Agreement, the Security Trustee shall use reasonable endeavours to appoint a New Servicer that satisfies the conditions set forth in **Clauses 21.2(c), (d), (e) and (f)**.

- 21.2 The appointment of the Servicer under this Agreement may be terminated by the Servicer upon the expiry of not less than 12 months' written notice of termination given by the Servicer to the Security Trustee and the LLP provided that:

- (a) if the Servicer who wishes to terminate its appointment is Abbey, the Security Trustee consents in writing to such termination;
  - (b) a New Servicer shall be appointed by the LLP, with the consent in writing of the Security Trustee, such appointment to be effective not later than the date of such termination;
  - (c) such New Servicer is qualified to act as such under FSMA;
  - (d) such New Servicer has a management team with experience of administering residential mortgages in the United Kingdom;
  - (e) such New Servicer enters into an agreement substantially on the same terms as the relevant provisions of this Agreement with the LLP and the Security Trustee and the Servicer shall not be released from its obligations under the relevant provisions of this Agreement until such New Servicer has entered into such new agreement; and
  - (f) the then current ratings of the Covered Bonds issued under the Programme are not adversely affected as a result of such termination, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of the Covered Bonds.
- 21.3 On and after termination of the appointment of the Servicer under this Agreement pursuant to this **Clause 21**, all authority and power of the Servicer under this Agreement shall be terminated and be of no further effect and the Servicer shall not thereafter hold itself out in any way as the agent of the LLP pursuant to this Agreement.
- 21.4 Upon termination of the appointment of the Servicer under this Agreement pursuant to this **Clause 21**, the Servicer shall:
- (a) forthwith deliver (and in the meantime hold on trust for, and to the order of, the Security Trustee) to the LLP or as it shall direct the Customer Files, the Title Deeds, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the LLP and the Loans comprised in the Portfolio and any other Related Security (if practicable, on the date of receipt by the Servicer) and any moneys then held by the Servicer on behalf of the LLP and any other assets of the LLP;
  - (b) take such further action as the LLP and the Security Trustee may reasonably direct at the expense of the LLP (including in relation to the appointment of a New Servicer) provided that the Security Trustee shall not be required to take or direct to be taken such further action unless it has been indemnified to its satisfaction;
  - (c) provide all relevant information contained on computer records in the form of magnetic tape, CD-ROM and/or other form of electronic media, as appropriate, together with details of the layout of the files encoded on such magnetic tapes, CD-ROMs and/or other form of electronic media (or such other format as the parties may agree);
  - (d) co-operate and consult with and assist the LLP, the Security Trustee and their nominees (which shall, for the avoidance of doubt, include any New Servicer appointed by any of them) for the purposes of explaining the file layouts and the format of the magnetic tapes, CD-ROMs and/or other form of electronic media generally containing such computer records on the computer system of the LLP or such nominee; and
  - (e) permit the LLP and the Security Trustee to have access at reasonable times to the Abbey Insurance Policies.

- 21.5 The Servicer shall deliver to the LLP and the Security Trustee as soon as reasonably practicable but in any event within five days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same.
- 21.6 If an Insolvency Event occurs in relation to any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, the Servicer shall notify the Security Trustee and the Servicer shall within ten London Business Days of such an event occurring terminate the relevant sub-contracting or delegation arrangements.
- 21.7 Termination of this Agreement or the appointment of the Servicer under this Agreement shall be without prejudice to the liabilities of the LLP to the Servicer or vice versa incurred before the date of such termination. The Servicer shall have no right of set-off or any lien in respect of such amounts against amounts held by it on behalf of the LLP.
- 21.8 This Agreement shall terminate at such time as the LLP has no further interest in any Loans or their Related Security that have been comprised in the Portfolio.
- 21.9 On termination of the appointment of the Servicer under the provisions of this **Clause 21**, the Servicer shall be entitled to receive all fees and other moneys accrued up to the date of termination but shall not be entitled to any other or further compensation. Such moneys so receivable by the Servicer shall be paid by the LLP in accordance with the provisions of the LLP Deed on the dates on which they would otherwise have fallen due hereunder. For the avoidance of doubt, such termination shall not affect the Servicer's rights to receive payment of all amounts (if any) due to it from the LLP other than under this Agreement.
- 21.10 Prior to termination of this Agreement, the Servicer, the Seller, the Security Trustee and the LLP shall co-operate to obtain the agreement of the Borrowers to a new bank mandate permitting the LLP to operate the Direct Debiting Scheme with respect to the Loans in the Portfolio.
- 21.11 Any provision of this Agreement which is stated to continue after termination of the Agreement shall remain in full force and effect notwithstanding termination.

## **22. FURTHER ASSURANCE**

- 22.1 The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.
- 22.2 Without prejudice to the generality of **Clause 22.1**, the LLP and the Security Trustee shall upon request by the Servicer forthwith give to the Servicer such further powers of attorney or other written authorisations, mandates or instruments as are necessary to enable the Servicer to perform the Services.
- 22.3 Nothing herein contained shall impose any obligation or liability on the LLP to assume or perform any of the obligations of the Servicer hereunder or render it liable for any breach thereof.

## **23. MISCELLANEOUS**

- 23.1 Subject to **Clause 23.2**, in the event that the funds available to the LLP on any LLP Payment Date are not sufficient to satisfy in full the aggregate amount payable to the Servicer by the LLP on such LLP Payment Date, then the amount payable to the Servicer on such LLP Payment Date shall be reduced by the amount of the shortfall and such shortfall shall (subject always to the provisions of

this **Clause 23**) be payable on the immediately succeeding LLP Payment Date in accordance with the relevant Priorities of Payments.

23.2 In the event that:

- (a) after repayment in full of all amounts due under the Intercompany Loan Agreement; or
- (b) after the service of an LLP Acceleration Notice and payment of all other prior claims in accordance with the terms of the LLP Deed,

the remaining sums available to the LLP or remaining proceeds of enforcement are insufficient to satisfy in full the outstanding fees or other claims of the Servicer, such fees and other claims shall be reduced by the amount of the deficiency.

23.3 Each of the Seller and the Servicer agrees that it will not:

- (a) set off or purport to set off any amount which the LLP or the Issuer is or will become obliged to pay to it under any of the Transaction Documents against any amount from time to time standing to the credit of or to be credited to an LLP Account or in any other account prior to transfer to an LLP Account; or
- (b) make or exercise any claims or demands, any rights of counterclaim or any other equities against or withhold payment of any and all sums of money which may at any time and from time to time be standing to the credit of an LLP Account.

23.4 The Servicer agrees that for so long as any of the Covered Bonds issued under the Programme are outstanding it will not petition or commence proceedings for the administration or winding up of the LLP or participate in any ex parte proceedings with regard thereto.

23.5 Notwithstanding any other provisions of this Agreement, all obligations to, and rights of, the LLP under or in connection with this Agreement (other than its obligations under **Clause 24**) shall automatically terminate upon the discharge in full of all amounts owing by it under the Intercompany Loan Agreement, provided that this shall be without prejudice to any claims in respect of such obligations and rights arising on or prior to such date.

## **24. CONFIDENTIALITY**

During the continuance of this Agreement or after its termination, the LLP shall use its best endeavours not to disclose to any person, firm or company whatsoever any information relating to the business, finances or other matters of a confidential nature of any other party hereto of which it may exclusively by virtue of being party to the Transaction Documents have become possessed and shall use all reasonable endeavours to prevent any such disclosure as aforesaid, provided however that the provisions of this **Clause 24** shall not apply:

- (a) to any information already known to the LLP or the Security Trustee otherwise than as a result of entering into any of the Transaction Documents;
- (b) to any information subsequently received by the LLP or the Security Trustee which it would otherwise be free to disclose;
- (c) to any information which is or becomes public knowledge otherwise than as a result of the conduct of the LLP or the Security Trustee;

- (d) to any extent that the LLP or the Security Trustee is required to disclose the same pursuant to any law or order of any court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other authority (including, without limitation, any official bank examiners or regulators);
- (e) to the extent that the LLP or the Security Trustee needs to disclose the same for determining the existence of, or declaring, an LLP Event of Default or a Servicer Termination Event, the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith or for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as are required to be informed of such information for such purposes; or
- (f) in relation to any information disclosed to the professional advisers of the LLP or the Security Trustee or (in connection with the review of current ratings of any Covered Bonds issued under the Programme or with a prospective rating of any debt to be issued by the Issuer) to any credit rating agency or any prospective New Servicer.

## 25. NOTICES

Any notice to be given pursuant to this Agreement to any of the parties hereto shall be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and shall be deemed to be given (if by facsimile transmission) when despatched, (if delivered by hand) on the day of delivery if delivered before 5.00 p.m. on a London Business Day or on the next London Business Day if delivered thereafter or (if by first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of the Servicer, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: [MTF@santander.co.uk](mailto:MTF@santander.co.uk) and [treasurylegal@santander.co.uk](mailto:treasurylegal@santander.co.uk)) for the attention of the Company Secretary with a copy to Santander UK plc, c/o Santander House (AAM 129) 201 Grafton Gate East, Milton Keynes MK9 1AN for the attention of the Securitisation Team, Retail Credit Risk;
- (b) in the case of the LLP, to Abbey Covered Bonds LLP, c/o Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: [MTF@santander.co.uk](mailto:MTF@santander.co.uk) and [treasurylegal@santander.co.uk](mailto:treasurylegal@santander.co.uk)) for the attention of the Company Secretary with a copy to Abbey Covered Bonds LLP, c/o Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN for the attention of the Securitisation Team, Retail Credit Risk;
- (c) in the case of the Seller, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (with a copy via email to: [MTF@santander.co.uk](mailto:MTF@santander.co.uk) and [treasurylegal@santander.co.uk](mailto:treasurylegal@santander.co.uk)) for the attention of the Company Secretary with a copy to Santander UK plc, c/o Santander House (AAM 129), 201 Grafton Gate East, Milton Keynes MK9 1AN for the attention of the Securitisation Team, Retail Credit Risk; and
- (d) in the case of the Security Trustee, to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB (facsimile number (44) 20 7547 5919) for the attention of the Managing Director,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this **Clause 25**. All notices served under this Agreement shall be simultaneously copied to the Security Trustee by the person serving the same.



**26. VARIATION AND WAIVER**

No variation or waiver of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorised by) each of the parties. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

**27. NO PARTNERSHIP**

It is hereby acknowledged and agreed by the parties that nothing in this Agreement shall be construed as giving rise to any partnership between any of the parties.

**28. ASSIGNMENT**

- 28.1 The Security Trustee may not assign or transfer any of its rights and obligations under this Agreement without the prior written consent of the LLP.

The Servicer may not assign or transfer any of its rights and obligations under this Agreement without the prior written consent of the Security Trustee and the LLP.

- 28.2 The Servicer acknowledges that the LLP has assigned its rights under this Agreement to the Security Trustee pursuant to the Deed of Charge and acknowledges that, pursuant to the terms of the Deed of Charge, the LLP has, *inter alios*, authorised the Security Trustee, prior to the Security becoming enforceable, to exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies under or in respect of the Transaction Documents, including this Agreement, in such manner as in its absolute discretion it shall think fit.

**29. CHANGE OF SECURITY TRUSTEE**

- 29.1 If there is any change in the identity of the Security Trustee or an additional Security Trustee is appointed, the remaining Security Trustee and/or the retiring Security Trustee, the Servicer, the Seller and the LLP shall execute such documents and take such action as the successor Security Trustee and the outgoing Security Trustee may reasonably require for the purpose of vesting in such new Security Trustee the rights and obligations of the outgoing Security Trustee under this Agreement and releasing the outgoing Security Trustee from its future obligations under this Agreement.
- 29.2 It is hereby acknowledged and agreed that, by its execution of this Agreement, the Security Trustee shall not assume or have any obligations or liabilities to the Servicer, the Seller or the LLP under this Agreement.

**30. EXCLUSION OF THIRD PARTY RIGHTS**

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

**31. COUNTERPARTS**

This Agreement may be executed in any number of counterparts (manually or by facsimile) and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

**32. GOVERNING LAW**

This Agreement is governed by, and shall be construed in accordance with, the laws of England (provided that any terms of this Agreement which are particular to the laws of Scotland shall be construed in accordance with Scots law and any terms of this Agreement which are particular to the laws of Northern Ireland shall be construed in accordance with Northern Irish law).

**IN WITNESS** whereof the parties have caused this Agreement to be executed as a deed the day and year first before written.

## **SCHEDULE 1**

### **THE SERVICES**

In addition to the Services set out in the body of this Agreement, the Servicer shall, in relation to the Loans and their Related Security in the Portfolio:

- (a) keep records and books of account on behalf of the LLP;
- (b) keep records for all taxation purposes, including, without limitation, VAT;
- (c) notify relevant Borrowers of any change in their Monthly Payments;
- (d) assist the auditors of the LLP and provide information to them upon reasonable request;
- (e) provide a redemption statement upon the request of a Borrower or the Borrower's solicitor, licensed conveyancer or qualified conveyancer;
- (f) notify relevant Borrowers of any other matter or thing which the applicable Mortgage Conditions or Offer Conditions require them to be notified of in the manner and at the time required by such Mortgage Conditions or Offer Conditions, as the case may be;
- (g) subject to the provisions of this Agreement (including without limitation **Clause 5.2**) take all reasonable steps to recover all sums due to the LLP, including, without limitation, by the institution of proceedings and/or the enforcement of any Loan comprised in the Portfolio or its Related Security using the discretion of a Reasonable, Prudent Mortgage Lender in applying the enforcement procedures forming part of the Seller's Policy;
- (h) take all other action and do all other things which it would be reasonable to expect a Reasonable, Prudent Mortgage Lender to do in administering its loans and their related security; and
- (i) act as collection agent for the LLP under the Direct Debiting Scheme in accordance with the provisions of this Agreement.

## SCHEDULE 2

### FORM OF QUARTERLY POOL CUT

FIELD	DESCRIPTION
Year/Month	Processing year and month in YYYYMM format
Account Reference	Unique Mortgage Account Identifier
Current Balance	Includes Capital, Interest, Arrears and Unpaid Charges
Monthly Payment	Monthly amount repayable
Current Arrears	Includes unpaid interest, unpaid capital, unpaid charges
Completion Date	The date the advance was completed
Maturity Date	The expected Loan maturity date
Valuation	Most recent valuation. It will be equal to original valuation if no further valuation was done
Valuation Date	Date of most recent valuation above
Income 1	First applicant's primary income
Income 2	Other applicant's primary income
Advance	Total of advances made to borrowers
DD Status	Status of Direct Debit (Active, Cancelled, Suspended, etc.)
Account Status	Status of account (Open, Closed)
Remortgage	Indicator of whether this account related to a Remortgage (Y or N)
Pool ID	Identifies whether currently part of portfolio or potential portfolio
Property Type	House, flat, etc.
Region	Location of Property
Tenure	Freehold, Leasehold, Feudal etc.
Repayment Type	Code to signify types of Loans: e.g. Endowment, Interest Only, Repayment, Pension, Investment Linked
Fixed Rate	Y or N to indicate whether currently paying at Fixed Rate
Interest Rate	Current Interest Rate applicable
Loan Start Date	
Product Start Date	Start of Current Product
Product ID	Code Identifier for the product
Product Description	Description of the product
Arrears -12	Arrears at the end of 12 months prior to current month divided by previous month's payment due
Arrears -11	As above, but for 11 months prior to current month
Arrears -10	As above, but for 10 months prior to current month
Arrears -9	As above, but for 9 months prior to current month
Arrears -8	As above, but for 8 months prior to current month
Arrears -7	As above, but for 7 months prior to current month
Arrears -6	As above, but for 6 months prior to current month

<b>FIELD</b>	<b>DESCRIPTION</b>
Arrears -5	As above, but for 5 months prior to current month
Arrears -4	As above, but for 4 months prior to current month
Arrears -3	As above, but for 3 months prior to current month
Arrears -2	As above, but for 2 months prior to current month
Arrears -1	As above, but for 1 month prior to current month
Charge End Date	Date after which no Early Repayment Fee is applicable
Product Maturity Date	Date on which any incentive period ends
Post Code 1	Property Postcode (part 1)
Post Code 2	Property Postcode (part 2)
Underlying Rate	Identifies reference rate as SVR or Tracker
Self Cert	Identifies if Non-Income verification was permitted
Performing Arrangement	Where an arrangement exists for the primary account and the customer is maintaining the required payments
Right To Buy	Identifies if property was purchased under Right to Buy legislation
Guarantor	Identifies if a Guarantor exists with mortgage
Shared Ownership	Identifies if property was purchased under a Shared Ownership arrangement
Drawdown Available	Value of Flexible Draw Capacity (if any)
Drawdown Taken	Cumulative Value of and Flexible drawings taken
Product Grouping	Identifies classification of mortgage product (Fixed, Discount, Reward, Flexible, Capped, etc.)

### SCHEDULE 3

#### ABBEY COVERED BONDS LLP PERIODIC REPORT

##### ABBEY COVERED BONDS LLP

Monthly Report [●]

Date of Report [●]

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##### Counterparties

Group Guarantor	Santander UK plc
Servicer	Santander UK plc
Cash Manager	Santander UK plc
Covered Bond Swap Providers	TBA
	TBA
	TBA
Interest Rate Swap Provider	Abbey National Treasury Services plc
Bank Account Provider	Santander UK plc

##### Asset Coverage Test

A=	£ –
B=	£ –
C=	£ –
D=	£ –
V=	£ –
W=	£ –
X=	£ –
Y=	£ –
Z=	£ –

Total A+B+C+D–(V+W+X+Y+Z)	£ –
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**Pass** Pass / Fail  
 A(i) Adjusted Outstanding Principal Balance  
 less deemed reductions / A(ii) Arrears  
 Adjusted Outstanding Principal Balance less  
 deemed reductions multiplied by the Asset  
 Percentage

Asset Percentage	91%
Amount of Credit Support	£ – Result of the overcollateralisation in the Asset Coverage Test

##### **Portfolio Characteristics**

Total Outstanding Current Balance of Mortgages in the Portfolio	£ –
Number of Mortgages in Pool	£ –
Average Loan Balance	£ –
Weighted Average Current LTV	£ –

<b>Current LTV Levels Breakdown*</b>	<b>Number</b>	<b>Value</b>	<b>% of Total</b>
0 – 30%			
30 – 35%			
35 – 40%			
45 – 50%			
50 – 55%			
55 – 60%			
60 – 65%			
65 – 70%			
70 – 75%			
75 – 80%			
80 – 85%			
85 – 90%			
90 – 95%			
95 – 100%			
Totals			

\* using latest (non-indexed) valuation

### **Cash Ledgers**

Revenue Ledger	
Principal Ledger	
Reserve Ledger	
Payment Ledger	
Cash Contributions Ledger	
Total	

### **Represented By:**

GIC Account (other than Payment Ledger)	
Payment Ledger on the GIC Account	
Authorised Investments / Substitution Assets	
Total	

### **LLP Balance Sheet**

Cash	
Mortgages	
Authorised Investments / Substitution Assets	
Total	

Capital Account Ledger – Santander UK plc	
Capital Account Ledger – Abbey National Treasury Services plc	
Intercompany Loan Outstanding	
Total	

<b>Credit Ratings</b>	Long Term (Fitch, Moody's, S&P)	Short Term (Fitch, Moody's, S&P)
Santander UK plc		
Covered Bond Swap Provider 1		
Covered Bond Swap Provider 2		
Covered Bond Swap Provider 3		

Santander UK plc Event of Default  
LLP Event of Default

No  
No



## SCHEDULE 4

### CERTIFICATE OF BENEFICIAL OWNERSHIP

..... (the **Investor**), hereby certifies that it is the beneficial owner of covered bonds issued by Abbey Covered Bonds LLP (the **Issuer**).

Unless otherwise defined herein, terms used herein shall have the same meaning as used in the Servicing Agreement dated 3 June 2005. Pursuant to **Clause 12.4(f)** of the Servicing Agreement, the Investor requests that the Servicer deliver to it by e-mail the Monthly Reports [(including all previous Monthly Reports)].

The Investor shall promptly notify the Servicer if it ceases to be a beneficial owner of the notes. Upon ceasing to be a beneficial owner of the notes, the Investor acknowledges that the Servicer shall have no further obligation to deliver Monthly Reports to it.

The notice details for the Servicer and the Investor are as follows:

#### **Servicer**

Address: Santander UK plc, 201 Grafton Gate East,  
Milton Keynes MK9 1AN]

Facsimile number: [(44) 1908 343019]  
For the attention of: [Securitisation Team, Retail Credit Risk]

#### **Investor**

E-mail address: [ ]  
Signed by ..... as authorised representative on behalf of the Investor.

.....  
Dated [ ]

## SCHEDULE 5

### SERVICER POWER OF ATTORNEY

**THIS DEED OF POWER OF ATTORNEY** is made on the [●], by:

- (1) **SANTANDER UK PLC** whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **Servicer**);

**IN FAVOUR OF** each of:

- (2) **ABBEY COVERED BONDS LLP** whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the **LLP**); and
- (2) **DEUTSCHE TRUSTEE COMPANY LIMITED**, acting through its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB (the **Security Trustee**).

**WHEREAS:**

- (A) By virtue of a servicing agreement dated 3 June 2005 and made between, *inter alios*, the Servicer (1), the LLP (2) and the Security Trustee (3) (the **Servicing Agreement**) provision was made for the execution by the Servicer of this Power of Attorney.
- (B) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Master Definitions and Construction Agreement made between, *inter alios*, the parties to the Servicing Agreement on 3 June 2005 (as the same may be amended, varied and/or supplemented from time to time, the **Master Definitions and Construction Agreement**) and this Power of Attorney shall be construed in accordance with the interpretation provisions set out in **Clause 2** of the Master Definitions and Construction Agreement.

**NOW THIS DEED WITNESSETH** as follows:

1. The Servicer irrevocably and by way of security for the performance of the covenants, conditions and undertakings on the part of the Servicer contained in the Servicing Agreement HEREBY APPOINTS each of the LLP and the Security Trustee and any receiver and/or administrator appointed from time to time in respect of the LLP or its assets (each an **Attorney**) severally to be its true and lawful attorney for the Servicer and in the Servicer's name to exercise the Servicer's rights, powers and discretions pursuant to **Clause 4.6** of the Servicing Agreement, including any right of the Servicer to fix the rate or rates of interest payable under the Loans in the Portfolio in accordance with the terms thereof, including but not limited to the LLP Standard Variable Rate, any variable margins applicable in relation to Tracker Loans and any other discretionary rates or margins applicable to other Variable Rate Loans in the circumstances referred to in **Clause 4** of the Servicing Agreement, provided that nothing shall prevent the Seller (or any of its attorneys from time to time) from setting a higher Abbey Standard Variable Rate or higher variable margins applicable in relation to Tracker Loans or higher rates for other discretionary rates or margins in relation to other Variable Rate Loans than those set or to be set or required or to be required by the LLP and the Security Trustee under this Power of Attorney.
2. Each Attorney shall have the power by writing under its hand by an officer of the Attorney from time to time to appoint a substitute who shall have power to act on behalf of the Servicer as if that substitute shall have been originally appointed Attorney by this Power of Attorney (including, without limitation, the power of further substitution) and/or to revoke any such appointment at any time without assigning any reason therefor.

3. The Servicer hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorneys shall lawfully do or cause to be done in and concerning the Loans or their Related Security by virtue of this Power of Attorney.
4. The laws of England shall apply to this Power of Attorney and the interpretation thereof.
5. A person who is not a party to this Power of Attorney may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

**IN WITNESS WHEREOF** the Servicer has executed and delivered this document as a deed the day and year first before written.

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

Witness:

Name:

Address:

## SIGNATORIES

**EXECUTED** as a **DEED** by )  
 )  
as attorney for )  
**SANTANDER UK PLC** )  
(acting in its capacity as **Servicer**) )

in the presence of: )

Witness:

Address:

**EXECUTED** as a **DEED** by )  
**ABBHEY COVERED BONDS LLP** )  
acting by Abbey Covered Bonds (LM) Limited )  
as a Member and )  
Santander UK plc )  
as a Member )  
in each case signed by their attorney )

in the presence of: )

Witness (for the attorney to Abbey Covered Bonds (LM) Limited):

Witness:

Address:

Witness (for the attorney to Santander UK plc (as applicable)):

Witness:

Address:

**EXECUTED** as a **DEED** by )  
 )  
as attorney for )  
**SANTANDER UK PLC** )  
(acting in its capacity as **Seller**) )

in the presence of: )

Witness:

Address:

The **COMMON SEAL** of **DEUTSCHE** )  
**TRUSTEE COMPANY LIMITED** was )  
Affixed to this Deed in the presence of: )

Associate Director:

Associate Director: