2011-2 FUNDING 1 START-UP LOAN AGREEMENT

DATED 6 DECEMBER 2011

FOSSE FUNDING (NO. 1) LIMITED
as Funding 1

and

SANTANDER UK PLC
as Funding 1 Start-Up Loan Provider

and

LAW DEBENTURE TRUST COMPANY OF NEW YORK
as Funding 1 Security Trustee
CONTENTS

Clause                                      Page
1. Definitions and Interpretation................................................................. 1
2. The Facility ............................................................................................ 1
3. Interest ................................................................................................... 2
4. Repayment .............................................................................................. 2
5. Acceleration .......................................................................................... 3
6. Payments and Limited Recourse ............................................................... 3
7. Subordination and Security ................................................................. 4
8. Notices .................................................................................................... 5
9. Taxes ........................................................................................................ 5
10. Remedies and Waivers ........................................................................... 6
11. Assignments and Transfer ..................................................................... 6
12. Funding 1 Security Trustee as a Party .................................................. 6
13. No Partnership ....................................................................................... 7
14. Amendments, Waivers and Consents ................................................... 7
15. Invalidity of any Provision ................................................................. 7
16. Counterparts ......................................................................................... 7
17. Exclusion of Third Party Rights ............................................................ 7
18. Non-Petition and Limited Recourse ..................................................... 7
19. Governing Law ...................................................................................... 8
20. Submission to Jurisdiction ................................................................. 8

Signatories .................................................................................................. 9
THIS START-UP LOAN AGREEMENT (this Agreement) is made on 6 December 2011

BETWEEN:

(1) FOSSE FUNDING (NO. 1) LIMITED (registered number 5925696), a private limited company incorporated in England and Wales, whose registered office is at c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (referred to herein as Funding 1);

(2) SANTANDER UK PLC (registered number 02294747), 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 Funding 1 Start-Up Loan Provider); and

(3) LAW DEBENTURE TRUST COMPANY OF NEW YORK, acting through its offices at 400 Madison Avenue – 4th Floor, New York, New York 10017, United States of America (in its capacity as Funding 1 Security Trustee).

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 The master definitions and construction schedule signed by, amongst others, the parties to this Agreement and dated 28 November 2006 (and to which Santander UK became a party in place of Alliance & Leicester plc in its capacities as Seller, Cash Manager, Issuer Cash Manager, Servicer, Funding 1 Start-Up Loan Provider and Funding 1 Swap Provider on 28 May 2010 by virtue of a bank business transfer scheme under Part VII of the Financial Services and Markets Act 2000) (as the same may be amended, restated, varied, supplemented and/or novated from time to time with the consent of the parties to this Agreement, including on 1 August 2007, 20 December 2007, 21 August 2008, 23 November 2009, 11 March 2010, 21 April 2011 and 6 December 2011) (the Master Definitions and Construction Schedule) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Master Definitions and Construction Schedule.

2. THE FACILITY

2.1 The Funding 1 Start-Up Loan Provider grants to Funding 1 simultaneously with the issue by the Issuer of a Series of Notes on the Closing Date (the 2011-2 Notes and the 2011-2 Closing Date, respectively), and upon the terms and subject to the conditions hereof, a sterling loan facility in an aggregate amount of up to £4,288,000 available by way of 2 tranches (the amount so granted or such part of such amount as shall be outstanding from time to time, taking into account any repayments and any interest capitalised pursuant to Clause 3.5, being referred to as the Advance) as follows:

(a) a tranche in the sum of up to £3,008,000 for the purposes of providing funding for fees, costs and expenses incurred by or on behalf of Funding 1 in respect of increasing the Funding 1 Share of the Trust Property and in respect of amounts payable by Funding 1 under the Intercompany Loan Agreement in relation to the costs of issue of the 2011-2 Notes which shall be paid into the Funding 1 Transaction
Account or as Funding 1 otherwise directs the Funding 1 Start-up Loan Provider (Tranche A); and

(b) a tranche in the sum of £1,280,000 for the purpose of making the payment due under the Funding 1 Swap Agreement on the 2011-2 Closing Date which shall be payable to the Funding 1 Start-up Loan Provider in its capacity as the Funding 1 Swap Provider on the 2011-2 Closing Date by set-off against such payment (Tranche B).

3. INTEREST

3.1 The Advance will bear interest from (and including) the 2011-2 Closing Date (or in relation to capitalised interest, the date on which such interest is capitalised) until the Advance (and all accrued interest thereon) is repaid in full at a rate of LIBOR for three-month sterling deposits plus a margin of 0.90 per cent. per annum and be paid on the Funding 1 Interest Payment Date occurring in each year in respect of the previous Quarter. For the first Funding 1 Interest Period, LIBOR will be determined on the basis of the linear interpolation between LIBOR for one-month Sterling deposits and LIBOR for two-month Sterling deposits and be paid on 18 January 2012.

3.2 Funding 1 shall make payments of interest on the Advance on each Funding 1 Interest Payment Date if, and to the extent that, there are Funding 1 Available Revenue Receipts available therefor after making the payments and provisions referred to in paragraphs (a) to (u) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Paragraph 2 of Part 1 of Schedule 4 to the Funding 1 Deed of Charge, until the Advance and any accrued but unpaid interest thereon has been fully repaid.

3.3 Interest on the Advance shall be payable in arrears on each Funding 1 Interest Payment Date. The amount of interest due on the Advance in respect of a Funding 1 Interest Period shall be the amount determined by the Cash Manager to be the applicable rate of interest as applied to the principal amount outstanding of the Advance. Each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on Funding 1 and the Funding 1 Start-Up Loan Provider.

3.4 Interest shall be calculated by reference to any Funding 1 Interest Period on the basis of the actual number of days elapsed and a 365 day year.

3.5 Any interest accrued in respect of a Funding 1 Interest Period but not paid on the Funding 1 Interest Payment Date relating thereto shall be capitalised forthwith (that is, added to the principal amount outstanding of the Advance).

4. REPAYMENT

4.1 Subject to Clause 4.2 below, Funding 1 shall make repayments of all or any part of the Advance on each Funding 1 Interest Payment Date if, and to the extent that, there are Funding 1 Available Revenue Receipts available therefor after making the payments and provisions referred to in paragraphs (a) to (u) of the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Paragraph 2 of Part 1 of Schedule 4 to the Funding 1 Deed of Charge, until the Advance and any accrued but unpaid interest thereon has been fully repaid. Funding 1 and the Funding 1 Start-up Loan Provider agree that Funding 1 Available Revenue Receipts shall be applied to pay interest on the Advance before applying the remaining Funding 1 Available Revenue Receipts to repay principal on the Advance.

4.2 Funding 1 and the Funding 1 Start-Up Loan Provider agree that Funding 1 Available Revenue Receipts shall be applied to repay Tranche B of the Advance until Tranche B of the Advance
is fully repaid and thereafter Tranche A of the Advance until Tranche A of the Advance is fully repaid.

4.3 The Cash Manager is responsible, pursuant to the Cash Management Agreement, for determining the amount of Funding 1 Available Revenue Receipts as at the fourth Business Day prior to each Funding 1 Interest Payment Date and each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on the Funding 1 Start-Up Loan Provider.

4.4 Subject to the other terms of this Agreement, on any Funding 1 Interest Payment Date on which all Intercompany Loans have been repaid in full, Funding 1 shall immediately repay the Advance and pay any accrued but unpaid interest thereon.

4.5 The Funding 1 Start-Up Loan Provider hereby acknowledges that from time to time Funding 1 may enter into New Start-Up Loan Agreements with New Start-Up Loan Providers and that the obligation of Funding 1 to repay the Start-Up Loan and any New Start-Up Loan will at all times rank pari passu and the Start-Up Loan and any New Start-Up Loan will be paid pro rata between themselves. The Funding 1 Start-Up Loan Provider further acknowledges that the Funding 1 Pre-Acceleration Revenue Priority of Payments and the Funding 1 Post-Acceleration Priority of Payments set out in Parts 1 and 3 of Schedule 4 to the Funding 1 Deed of Charge respectively may be amended to reflect the entry by Funding 1 into any New Start-Up Loan Agreements and related agreements from time to time and agrees to execute such documents as are necessary or required by the Funding 1 Security Trustee for the purpose of including the Funding 1 Start-Up Loan Provider and any New Start-Up Loan Provider and the Issuer and any New Issuer (and any other relevant party) in the Transaction Documents to effect those amendments.

5. ACCELERATION

5.1 If any Intercompany Loan Acceleration Notice is served, or if notice is given that the security granted by Funding 1 under the Funding 1 Deed of Charge is to be enforced, this facility shall be cancelled and the Advance and any accrued and unpaid interest shall, subject to the Funding 1 Deed of Charge, become immediately due and payable.

5.2 An event of default will occur under this Agreement if Funding 1 has sufficient Funding 1 Available Revenue Receipts to pay interest and/or principal in full on the Advance in accordance with the terms hereof but fails to do so. Upon the occurrence of an event of default under this Clause 5.2 the Advance and any accrued and unpaid interest shall, subject to the Funding 1 Deed of Charge, become immediately due and payable.

6. PAYMENTS AND LIMITED RECOURSE

6.1 All payments to be made hereunder by Funding 1 shall be made in sterling in immediately available cleared funds to the Funding 1 Start-Up Loan Provider's account (sort code 72-01-00, account name: Fosse Funding (No.1 Ltd) (or such other account as the Funding 1 Start-Up Loan Provider may have specified in writing to Funding 1 for this purpose). If any sum falls due hereunder otherwise than on a Business Day, it shall be paid on the next succeeding Business Day.

6.2 Prior to service of any Intercompany Loan Acceleration Notice or repayment in full of all the Intercompany Loans, amounts of principal, interest and any other amounts due hereunder shall be paid only in accordance with the Funding 1 Pre-Acceleration Revenue Priority of Payments set out in Paragraph 2 of Part 1 of Schedule 4 to the Funding 1 Deed of Charge.
If, upon the Advance becoming due and payable pursuant to Clause 4.4 or Clause 5, Funding 1 has insufficient funds available to meet its obligations hereunder in full on such date then:

(a) Funding 1 shall utilise its funds on such date to the extent available in making payments to the Funding 1 Start-Up Loan Provider to repay the Advance and accrued and unpaid interest thereon; and

(b) the obligations of Funding 1 to pay the shortfall together with any amounts falling due and payable thereafter shall on any day be limited to the available funds acquired by Funding 1 subsequent to such date, together with the proceeds of the enforcement of the security, paid to the Funding 1 Start-Up Loan Provider pursuant to the Funding 1 Post-Acceleration Priority of Payments set out in Part 3 of Schedule 4 of the Funding 1 Deed of Charge,

provided that the Funding 1 Start-Up Loan Provider shall not release Funding 1 from Funding 1's obligation to pay the remaining amount that would have been due under this Agreement had this Clause 6.3 not applied and subject to the Funding 1 Post-Acceleration Priority of Payments.

7. SUBORDINATION AND SECURITY

7.1 The parties hereby agree that the Advance shall be subordinated to, inter alia, payments of principal and interest on any Intercompany Loan, and all other payments or provisions ranking in priority to payments to be made to the Funding 1 Start-Up Loan Provider under this Agreement, in each case in accordance with the priority of payments or as provided in Clause 6 or, as applicable, Clause 7 and Schedule 4 of the Funding 1 Deed of Charge.

7.2 The Funding 1 Start-Up Loan Provider further agrees that, without prejudice to Clause 6 or, as applicable, Clause 7 of the Funding 1 Deed of Charge, its rights against Funding 1 under this Agreement are limited to the extent that Funding 1 has sufficient assets to meet its claims or any part thereof having taken into account all other liabilities, both actual and contingent, of Funding 1 which pursuant to the Funding 1 Deed of Charge rank pari passu with or in priority to its liabilities to the Funding 1 Start-Up Loan Provider under this Agreement and so that Funding 1 shall not be obliged to make any payment to the Funding 1 Start-Up Loan Provider hereunder if and to the extent that the making of such payment would cause Funding 1 to be or become unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986. However, if there are sufficient Funding 1 Available Revenue Receipts available and Funding 1 does not repay the Advance when due in accordance with the terms hereof, such non-repayment will constitute an event of default under this Agreement causing the Advance and any accrued interest to be accelerated in accordance with Clause 5.2.

7.3 Funding 1 undertakes that its obligations to the Funding 1 Start-Up Loan Provider hereunder shall at all times be secured by the Funding 1 Deed of Charge.

7.4 The Funding 1 Start-Up Loan Provider hereby undertakes to be bound by the terms of the Funding 1 Deed of Charge and the Cash Management Agreement and in particular acknowledges that all of Funding 1’s right, title, benefit and interest in this Agreement has been assigned by way of security to the Funding 1 Security Trustee under the Funding 1 Deed of Charge and agrees that on enforcement of the security created by the Funding 1 Deed of Charge, all amounts of principal, interest and any other amounts due hereunder shall rank in the order of priority set out in Funding 1 Post-Enforcement Priority of Payments.

7.5 The Funding 1 Start-Up Loan Provider further covenants that, except as permitted under Clause 8 of the Funding 1 Deed of Charge, it will not set off or claim to set off the Advance
or any interest thereon or any part of either thereof against any liability owed by it to Funding 1.

7.6 The Funding 1 Start-Up Loan Provider undertakes that, other than as provided under Clause 5.3 of the Funding 1 Deed of Charge, it will not, prior to the second anniversary of the date on which any Notes are redeemed in full, take any corporate action or other steps (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or legal proceedings for the winding up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Funding 1 or of any or all of the revenues and assets of Funding 1 nor participate in any ex parte proceedings nor seek to enforce any judgment against Funding 1, except as permitted under the provisions of the Funding 1 Deed of Charge.

8. NOTICES

Any notices to be given pursuant to this Agreement or to any of the parties hereto shall be in writing and shall be sufficiently served if sent by prepaid first class post, by hand or by facsimile transmission and shall be deemed to be given (in the case of facsimile transmission) when despatched, (where delivered by hand) on the day of delivery or (in the case of first class post) when it would be received in the ordinary course of the post,

PROVIDED THAT in the case of a notice received after 5:00 p.m. on a Business Day in the place of receipt, notice shall be deemed to be received on the next following Business Day in such place. Any notices to be given pursuant to this Agreement shall be sent:

(a) in the case of Funding 1, to Fosse Funding (No. 1) Limited, c/o Structured Finance Management Limited, 35 Great St. Helen's, London EC3A 6AP (facsimile number +44 (0)207 398 6325) for the attention of the Directors with a copy to Santander UK plc, 2 Triton Square, Regent’s Place, London NW1 3AN (facsimile number +44 (0) 207 756 5627) for the attention of the Company Secretary;

(b) in the case of the Funding 1 Start-Up Loan Provider, to Santander UK plc, 2 Triton Square, Regent’s Place, London NW1 3AN (facsimile number +44 (0) 207 756 5627) for the attention of the Company Secretary; and

(c) in the case of the Funding 1 Security Trustee, to Law Debenture Trust Company of New York, 400 Madison Avenue – 4th Floor, New York, New York 10017, United States of America (facsimile number +1 212 750 1361) for the attention of Corporate Trust Department - Fosse 2011-2,

or to such other address or facsimile number as may from time to time be notified by any party to the other by written notice in accordance with the provisions of this Clause 8.

9. TAXES

9.1 All payments to be made by Funding 1 to the Funding 1 Start-Up Loan Provider hereunder shall be made free and clear of and without withholding or deduction for or on account of Tax unless Funding 1 is required by law to make such a payment subject to the deduction or withholding of Tax, in which case Funding 1 shall promptly upon becoming aware thereof notify the Funding 1 Start-Up Loan Provider of such obligation and shall make such payments subject to such deduction or withholding of Tax which it is required to make.
9.2 If Funding 1 makes any payment hereunder in respect of which it is required to make any deduction or withholding, it shall pay the full amount required to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Funding 1 Start-Up Loan Provider, within thirty days after such payment falls due to the applicable authority, any original receipt (or a certified copy thereof) issued by such authority evidencing such payment.

9.3 As at the date of this Agreement, the Funding 1 Start-Up Loan Provider represents and warrants that, for the purposes of this Agreement and the other Transaction Documents:

(a) it is a bank for the purposes of section 879 of the Income Tax Act 2007;

(b) it is within the charge to UK corporation tax; and

(c) it is beneficially entitled to payments of interest made to it under this Agreement by Funding 1.

9.4 By accepting payments from Funding 1 under this Agreement, the Funding 1 Start-up Loan Provider represents that it is beneficially entitled to such payments and that it is within the charge to UK corporation tax in respect of those payments.

10. REMEDIES AND WAIVERS

No failure by the Funding 1 Start-Up Loan Provider to exercise, nor any delay by the Funding 1 Start-Up Loan Provider in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

11. ASSIGNMENTS AND TRANSFER

11.1 Neither Funding 1 (other than in respect of any assignment by way of security pursuant to the Funding 1 Deed of Charge) nor the Funding 1 Start-Up Loan Provider may assign and/or transfer any of their rights and/or obligations under this Agreement.

11.2 If there is any change in the identity of the Funding 1 Security Trustee pursuant to the terms of the Funding 1 Deed of Charge, the Funding 1 Start-Up Loan Provider and Funding 1 shall execute such documents and take such actions as the new Funding 1 Security Trustee and/or the outgoing Funding 1 Security Trustee may reasonably require for the purpose of vesting in the new Funding 1 Security Trustee the rights and obligations of the outgoing Funding 1 Security Trustee and/or releasing the outgoing Funding 1 Security Trustee from its future obligations under this Agreement.

12. FUNDING 1 SECURITY TRUSTEE AS A PARTY

The Funding 1 Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under this Agreement but shall have no responsibility for any of the obligations of, nor assume any liabilities to, the Funding 1 Start-Up Loan Provider or to Funding 1 hereunder.
13. **NO PARTNERSHIP**

Nothing in this Agreement (or in any of the arrangements contemplated hereby) shall, or shall be deemed to, constitute a partnership amongst the parties hereto.

14. **AMENDMENTS, WAIVERS AND CONSENTS**

14.1 Subject to the relevant Funding Deed of Charge, no amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by (or by some person duly authorised by) each of the parties to this Agreement. In the case of a waiver, such waiver shall be effective only in the specific instance and as against the party or parties giving it for the specific purpose for which it is given. 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.

14.2 It is hereby acknowledged and agreed that Funding 1 and the Funding 1 Security Trustee will exercise all rights, powers, benefits, duties, functions and/or discretions conferred on it under this Agreement (including, without limitation, in giving its consent, approval or authorisation to any event, matter or thing requested or making any determination hereunder) in accordance with and subject to the provisions of the Funding 1 Deed of Charge.

15. **INVALIDITY OF ANY PROVISION**

If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

16. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

17. **EXCLUSION OF THIRD PARTY RIGHTS**

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

18. **NON-PETITION AND LIMITED RECOURSE**

18.1 The parties to this Agreement hereby acknowledge and agree that they are bound by Clause 5.3 (No enforcement by Funding 1 Secured Creditors) of the Funding 1 Deed of Charge and, except as provided therein, they will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1 and they will not take any other steps or action against Funding 1 for the purpose of recovering any of amounts owing to them pursuant to this Agreement (including by exercising any rights of set-off) or enforcing any rights arising out of this Agreement.

18.2 The parties to this Agreement hereby acknowledge and agree that all obligations of Funding 1 in respect of amounts owing to them pursuant to this Agreement are subject to the terms of Clauses 5.4 (Limited recourse) of the Funding 1 Deed of Charge.
19. **GOVERNING LAW**

This Agreement (including any non-contractual claims or obligations arising out of or in connection with this Agreement) shall be governed by the laws of England.

20. **SUBMISSION TO JURISDICTION**

Each party to this Agreement hereby irrevocably submits to the non-exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Agreement (including any non-contractual claims or obligations arising out of or in connection with this Agreement) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first mentioned above.
SIGNATORIES

Funding 1 Start-Up Loan Provider

SIGNED by
for and on behalf of
SANTANDER UK PLC
by its duly authorised attorney

Funding 1

SIGNED by SFM Directors Limited, as director
for and on behalf of
FOSSE FUNDING (NO. 1) LIMITED

Funding 1 Security Trustee

SIGNED by
for and on behalf of
LAW DEBENTURE TRUST COMPANY OF NEW YORK
by its duly authorised signatory
SIGNATORIES

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