

## Particulars of a mortgage or charge

395

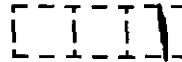
A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies  
(Address overleaf - Note 6)

For official use

Company number



5109183

Name of company

\* Preferred Residential Securities 8 PLC (the "Issuer")

Date of creation of the charge

13 August 2004

Description of the instrument (if any) creating or evidencing the charge (note 2)

A deed of charge and assignment (the "Deed of Charge") dated 13 August 2004 and made between the Issuer, J.P. Morgan Corporate Trustee Services Limited (the "Trustee"),  
(Please see Continuation Sheet No.1 Page 3).

Amount secured by the mortgage or charge

All monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer:  
1.to the order of the Trustee and/ or any Receiver under the Deed of Charge, the Trust Deed or the Conditions at the times and in the manner provided therein;  
2.under or in respect of the Notes (including, without limitation, the Detachable A Coupons); and  
3.to the Trustee on any account whatsoever, whether as principal or surety and whether or not directly with another.

All monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer to each of the other Secured Creditors in accordance respectively with each of the other Charged Obligation Documents.

(For definitions see Schedule 2 attached)

Names and addresses of the mortgagees or persons entitled to the charge

J.P Morgan Corporate Trustee Services Limited  
Trinity Tower, 9 Thomas More Street  
London

Postcode E1W 1YT

CH. LONDON COURTEN  
Presentor's name address and  
reference (if any):

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

SJXR/P2889/00443/MQR

Time critical reference

For official Use  
Mortgage Section

Post room

LD8  
COMPANIES HOUSE0250  
31/08/04

Short particulars of all the property mortgaged or charged

See schedule 1 attached

Please do not write in this margin  
Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

Nil

Signed Clifford Chance LLP Date 31/08/04  
On behalf of [company] [~~mortgagee/chargee~~]

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
  - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
  - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-  
Companies House, Crown Way, Cardiff CF14 3UZ

# Particulars of a mortgage or charge (continued)

CHFP025

Please do not  
write in this  
binding margin

Continuation sheet No 1  
to Form No 395 and 410 (Scot)

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

Company Number

5109183

Name of Company

Preferred Residential Securities 8 PLC (the "Issuer")

Limited\*

\* delete if  
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Preferred Mortgages Limited in its capacity as mortgage seller ("PML"), as subordinated loan provider (the "Subordinated Loan Provider"), as cash/bond administrator (the "Cash/Bond Administrator") and as mortgage administrator (the "Mortgage Administrator"), JPMorgan Chase Bank in its capacity as principal paying agent (the "Principal Paying Agent"), as agent bank (the "Agent Bank") and as exchange rate agent (the "Exchange Rate Agent"), JPMorgan Chase Bank, New York (the "Depository"), J.P. Morgan Bank Luxembourg S.A. (the "Registrar"), Barclays Bank PLC in its capacity as an account bank (an "Account Bank") as liquidity facility provider (the "Liquidity Facility Provider") and as GIC provider (the "GIC Provider"), Alliance & Leicester Commercial Bank PLC in its capacity as an account bank (an "Account Bank" and together with Barclays the "Account Banks"), Homeloan Management Limited in its capacity as standby servicer (the "Standby Servicer") and as standby cash/bond administrator (the "Standby Cash/Bond Administrator"), SPV Management Limited (the "Corporate Services Provider"), Barclays Bank PLC in its capacity as swap counterparty (the "Swap Counterparty") and Preferred Mortgages Collections Limited ("PMCL").

## **SCHEDULE 1: SHORT PARTICULARS OF ALL PROPERTY MORTGAGED OR CHARGED**

### **1. ENGLISH AND NORTHERN IRISH MORTGAGES**

Subject to Clause 3.12 of the Deed of Charge, the Issuer, by way of first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject in each case to the proviso for redemption thereafter contained and to the provisos for redemption or cesser contained in the Mortgage Conditions, CHARGED to the Trustee by way of first fixed charge all the Issuer's right, title, interest and benefit present and future in, to and under the English Loans and Northern Irish Loans and the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool and all monies assured by or to become payable under the same and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same and the title deeds and documents relating to the Properties situated in England and Wales and Northern Ireland and the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool including (without prejudice to the generality of the foregoing) any consents, postponements, reports, valuations, opinions, certificates and other statements of fact or opinion or both given in connection with the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool (and all causes and rights of action of the Issuer against any person in connection with the same) and any other contractual documents or any security documents in either case setting out the terms of the Loans TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

### **2. ENGLISH AND NORTHERN IRISH CHARGES**

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject to the proviso for redemption thereafter contained, ASSIGNED to the Trustee all the Issuer's right, title, benefit and interest present and future in, to and under the English Charges and Northern Irish Charges and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

### **3. INSURANCE CONTRACTS**

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject to the proviso for redemption thereafter contained, ASSIGNED to the Trustee all the Issuer's right, title, interest and benefit present and future in, to and under the Insurance Contracts (including, for the avoidance of doubt, those Insurance Contracts governed by English law but relating to the Scottish Mortgages and Northern Irish Mortgages and all returns of premium and proceeds in respect of such Insurance Contracts), to the extent that the Insurance Contracts have been assigned to the Issuer pursuant to the Mortgage Sale Agreement, and all monies assured by or to become

payable under the same and the benefit of all covenants and rights relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

**4. THE SCOTTISH MORTGAGES AND SCOTTISH CHARGES**

4.1 The Issuer subject to the proviso for redemption thereafter contained, undertook to the Trustee and bound and obliged itself:

- (a) upon the delivery to it of any SLR Transfer pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts a standard security substantially in the form set out in Schedule 1 in respect of those Scottish Mortgages detailed in the schedule to the relevant SLR Transfer, title to which is registered or is in the course of registration in the Land Register of Scotland;
- (b) upon the delivery to it of any Sasine Transfer pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts a standard security substantially in the form set out in Schedule 2 to the Deed of Charge in respect of those Scottish Mortgages detailed in the schedule to the relevant Sasine Transfer, title to which is recorded or is in the course of being recorded in the General Register of Sasines;
- (c) upon the delivery to it of any Assignment of the Scottish Charges pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts an Assignment in Security substantially in the form set out in Schedule 3 to the Deed of Charge in respect of the Issuer's whole right title and interest in and to all of the Scottish Charges and in and to the Life Policies relative to such Scottish Charges;
- (d) at the time of delivery of any Scottish Sub-Securities in accordance with the preceding provisions of Clause 3.5 of the Deed of Charge simultaneously to deliver to the Trustee the relevant SLR Transfer and the Sasine Transfer and/or Assignment of Scottish Charges respectively pertaining to the Scottish Mortgages and Scottish Charges specified in the said Scottish Sub-Securities; and
- (e) if and when called upon to do so by the Trustee (but subject to the provisions of the Mortgage Sale Agreement) to take all such steps as are necessary to perfect the Issuer's title to the Scottish Mortgages and the Scottish Charges relative thereto, including without limitation, registration and recording of the Issuer as heritable creditor relative to such Scottish Mortgages in either the Land Register of Scotland or the General Register of Sasines (as appropriate)

and giving intimation of any assignation of the Scottish Charges to the relevant assurance companies; and

- (f) to execute and deliver such documents, and in such form, and to take such other steps as the Trustee shall reasonably consider necessary to enable the Trustee to perfect a first ranking heritable security over the Scottish Mortgages and to effect the assignation in security to the Trustee of the Scottish Charges relative thereto and the Life Policies thereby assigned.

## **5. SCOTTISH TRUST SECURITY**

- 5.1 The Issuer as holder of the beneficial interest therein, and subject to Clause 4 of the Deed of Charge, ASSIGNED to and in favour of the Trustee for the benefit of the Secured Creditors in security for the discharge and payment of the Secured Amounts the Issuer's whole right, title and interest present and future in and to the Scottish Trust Property and in and to the Scottish Declaration of Trust, surrogating and substituting the Trustee in its full right and place therein and thereto.
- 5.2 The Issuer intimated to PML as trustee under the Scottish Declaration of Trust the assignation in security made in terms of Clause 3.6.1 of the Deed of Charge and PML by its execution of the Deed of Charge immediately subsequent to the execution of the Deed of Charge by the Issuer consented to such assignation and acknowledged such intimation thereof and confirmed that as at the date thereof it had received no intimation of any other dealing with the Scottish Trust Property or any part thereof.

## **6. CONTRACTUAL AND OTHER RIGHTS**

- 6.1 The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate and subject to the proviso for redemption hereinafter contained, ASSIGNED to the Trustee all its right, title, interest and benefit present and future in, to and under the Charged Obligation Documents and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party, (other than the Trust Deed and any deed expressed to be supplemental thereto, and the Deed of Charge) including without limitation all rights to receive payment of any amounts which may become payable to the Issuer thereunder, all payments received by the Issuer thereunder, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.
- 6.2 Notwithstanding such assignment each of the parties to the Deed of Charge (other than the Issuer) agreed with the Issuer that the Charged Obligors may continue to make all payments becoming due to the Issuer under any of the Charged Obligation Documents direct to the Issuer in the manner envisaged by such agreements (which payment shall

constitute a good discharge by the person making the payment) until receipt of express written notice from the Trustee or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the giving of an Enforcement Notice.

**7. BANK ACCOUNTS**

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate and subject to the proviso for redemption thereafter contained, CHARGED, by way of first fixed charge to the Trustee all the Issuer's right, title, benefit and interest present and future in, to and under each of the Bank Accounts and all sums of money which may now be or hereafter are from time to time standing to the credit of each of the Bank Accounts together with all interest accruing from time to time thereon and the debts represented thereby and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.

**8. AUTHORISED INVESTMENTS**

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate and subject to the proviso for redemption thereafter contained, CHARGED, by way of first fixed charge to the Trustee, all its right, title, interest and benefit present and future in, to and under the Authorised Investments and all moneys, income and proceeds to become payable thereunder or thereon and the benefits of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.

**9. FLOATING CHARGE**

- 9.1 The Issuer, by way of further security for the payment or discharge of the Secured Amounts, with full title guarantee as the registered owner or as the person entitled to be registered as owner (or, with respect to the Northern Irish Mortgages, as beneficial owner) and subject to the proviso for redemption thereafter contained and subject where relevant to the provisos for redemption or cesser contained in any Mortgage which forms part of the Mortgage Pool and the rights of re-assignment, retrocession and re-transfer contained in the Charges, CHARGED by way of first floating charge to the Trustee, the whole of its undertaking and all its property and assets, except for the assets specifically secured by means of fixed charges above or otherwise assigned as security by Clause 3 of the Deed of Charge (but excepting from the foregoing exclusion all of the Issuer's property, assets, rights and interests situated in and governed by the law of Scotland which are charged by the floating charge hereby created) present and future, TO HOLD the same unto the Trustee absolutely for the

Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.

- 9.2 The floating charge created by Clause 3.9.1 of the Deed of Charge and recorded at Clause 9.1 above, shall be deferred in point of priority to the mortgages, fixed charges, standard securities, assignments and assignations in security validly and effectively created by the Issuer pursuant to the Deed of Charge in favour of the Trustee as security for the Secured Amounts.
- 9.3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 3.9.1 of the Deed of Charge and recorded at Clause 9.1 above.
- 9.4 The Trustee may, at any time when it may appear to the Trustee that the Charged Property may be under threat of being taken under any process of law by any creditor of the Issuer or otherwise endangered for whatever reason, by notice in writing to the Issuer convert in so far as it is able to the floating charge to a specific charge with reference to any assets specified in such notice and by way of further assurance of such specific charge the Issuer will promptly execute over such assets a fixed charge or security in favour of the Trustee in such form as the Trustee shall reasonably require.

**10. FURTHER ASSURANCES AND APPOINTMENT OF RECEIVER**

The Deed of charge contains provision of further assurances and appointment of receiver.

**11. NEGATIVE PLEDGE**

The Deed of Charge contains a negative pledge.

**12. DEFINITIONS**

All capitalised terms used in this Schedule 1 shall have the meanings attributed to them in Schedule 2 to this Form 395.



## **SCHEDULE 2: DEFINED TERMS**

**"A1a Global Note"** means the A1a1 Global Notes and the A1a2 Global Notes;

**"A1a Noteholders"** means the A1a1 Noteholders and the A1a2 Noteholders;

**"A1a Notes"** means the A1a1 Notes and the A1a2 Notes;

**"A1a Reg S Global Notes"** means the A1a1 Reg S Global Notes and the A1a2 Reg S Global Notes;

**"A1a Rule 144A Global Notes"** means the A1a1 Rule 144A Global Notes and the A1a2 Rule 144A Global Notes;

**"A1a1 Global Notes"** means, as the context requires, the A1a1 Reg S Global Note and/or the A1a1 Rule 144A Global Notes;

**"A1a1 Noteholders"** means the persons who are for the time being holders of the A1a1 Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"A1a1 Noteholders"**, in relation to the A1a1 Notes or to the **"holder"** or **"holders"** of A1a1 Notes, shall (where appropriate) be construed accordingly;

**"A1a1 Notes"** means the £181,000,000 Class A1a1 Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1a1 Reg S Global Note (or any part thereof) and the A1a1 Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A1a1 Notes (or any of them) representing the same, as the case may be, and references to the A1a1 Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"A1a1 Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1a1 Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"A1a1 Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1a1 Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"A1a2 Global Notes"** means, as the context requires, the A1a2 Reg S Global Note and/or the A1a2 Rule 144A Global Note;

**"A1a2 Noteholders"** means the persons who are for the time being holders of the A1a2 Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"A1a2 Noteholders"**, in relation to the A1a2 Notes or to the **"holder"** or **"holders"** of A1a2 Notes, shall (where appropriate) be construed accordingly;

**"A1a2 Notes"** means the £100,000,000 Class A1a2 Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1a2 Reg S Global Note (or any part thereof) and the A1a2 Rule 144A Global Notes (or any part thereof) representing the same and, if issued, the Definitive A1a2 Notes (or any of them) representing the same, as the case may be, and references to the A1a2 Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"A1a2 Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1a2 Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"A1a2 Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1a2 Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"A1b Global Notes"** means, as the context requires, the A1b Reg S Global Note and/or the A1b Rule 144A Global Note;

**"A1b Note Swap Agreement"** means the ISDA Master Agreement dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the A1b Notes, as may be amended, restated, varied or supplemented from time to time and shall include:

- (b) any additional and/or replacement currency and interest rate swap agreement entered into by the Issuer from time to time in connection with the A1b Notes, and
- (c) each schedule to and confirmation in relation to such agreement or replacement agreement;

**"A1b Noteholders"** means the persons who are for the time being holders of the A1b Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"A1b Noteholders"**, in relation to the A1b Notes or to the **"holder"** or **"holders"** of A1b Notes, shall (where appropriate) be construed accordingly;

**"A1b Notes"** means the \$100,000,000 Class A1b Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1b Reg S Global Note (or any part thereof) and the A1b Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A1b Notes (or any of them) representing the same, as the case may be, and references to the A1b Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"A1b Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1b Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"A1b Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1b Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"A1c Global Notes"** means, as the context requires, the A1c Reg S Global Note and/or the A1c Rule 144A Global Notes;

**"A1c Note Swap Agreement"** means the ISDA Master Agreement dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the A1c Notes, as may be amended, restated, varied or supplemented from time to time and shall include:

- (a) any additional and/or replacement currency and interest rate swap agreement entered into by the Issuer from time to time in connection with the A1c Notes, and
- (b) each schedule to and confirmation in relation to such agreement or replacement agreement;

**"A1c Noteholders"** means the persons who are for the time being holders of the A1c Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"A1c Noteholders"**, in relation to the A1c Notes or to the **"holder"** or **"holders"** of A1c Notes, shall (where appropriate) be construed accordingly;

**"A1c Notes"** means the €100,000,000 Class A1c Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1c Reg S Global Note (or any part thereof) and the e A1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A1c Notes (or any of them) representing the same, as the case may be, and references to the A1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"A1c Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"A1c Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the A1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"A Noteholders"** means the A1a Noteholders, the A1b Noteholders and the A1c Noteholders;

**"A Notes"** means the A1a Notes, the A1b Notes and the A1c Notes;

**"Additional Loans"** means additional mortgages originated by PML after the Cut-Off Date and selected by PML to (i) substitute for Loans which are removed from the Cut-off Mortgage Pool and (ii) ensure that the aggregate balance of Loans in the Completion Mortgage Pool are as close as possible to £230,000,000 as at the Issue Date;

**"Alliance & Leicester "** means Alliance & Leicester Commercial Bank plc acting through its Corporate Accounts branch at 8 West Bridle Road, Bootle, Merseyside;

**"Alliance & Leicester Collection Account"** means the bank account in the name of PMCL at Alliance & Leicester sort code 72-00-00 account number 1732528;

**"Alliance & Leicester Declaration of Trust"** means the declaration of trust dated on or about the date hereof by PMCL over the Alliance & Leicester Collection Account in favour of the Issuer and the Trustee;

**"Assignment of Scottish Charges"** means an assignment of the Scottish Charges in the form set out in Schedule 4 to the Mortgage Sale Agreement;

**"Assignment in Security"** means an assignment of Scottish Charges in the form set out in Schedule 3 of the Deed of Charge and Assignment;

**"Authorised Investments"** means any sterling denominated principal protected fixed income security or bank account or other right of or with any entity any of whose short term unsecured, unguaranteed and non-subordinated securities or debt is rated at least A-1+ by S&P, P-1 by Moody's and A-1+ by Fitch and which matures on or before the Determination Date on which the cash represented by such investments is required by the Issuer;

**"B1a Global Notes"** means, as the context requires, the B1a Reg S Global Note and/or each or either of the two separate B1a Rule 144A Global Notes;

**"B1a Noteholders"** means the persons who are for the time being holders of the B1a Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"B1a Noteholders"**, in relation to the B1a Notes or to the **"holder"** or **"holders"** of B1a Notes, shall (where appropriate) be construed accordingly;

**"B1a Notes"** means the £18,500,000 Class B1a Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the B1a Reg S Global Note (or any part thereof) and the B1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive B1a Notes (or any of them) representing the same, as the case may be, and references to the B1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"B1a Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the B1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"B1a Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the B1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"B1c Global Notes"** means, as the context requires, the B1c Reg S Global Note and/or the B1c Rule 144A Global Note;

**"B1c Note Swap Agreement"** means the ISDA Master Agreement dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the B1c Notes, as may be amended, restated, varied or supplemented from time to time and shall include:

- (c) any additional and/or replacement currency and interest rate swap agreement entered into by the Issuer from time to time in connection with the B1c Notes, and
- (d) each schedule to and confirmation in relation to such agreement or replacement agreement;

**"B1c Noteholders"** means the persons who are for the time being holders of the B1c Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"B1c Noteholders"**, in relation to the B1c Notes or to the **"holder"** or **"holders"** of B1c Notes, shall (where appropriate) be construed accordingly;

**"B1c Notes"** means the €8,500,000 Class B1c Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the B1c Reg S Global Note (or any part thereof) and the B1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive B1c Notes (or any of them) representing the same, as the case may be, and references to the B1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"B1c Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the B1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"B1c Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the B1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"B Global Notes"** means the B1a Global Notes and the B1c Global Notes;

**"B Noteholders"** means the B1a Noteholders and the B1c Noteholders;

**"B Notes"** means the B1a Notes and the B1c Notes;

**"B Reg S Global Notes"** means the B1a Reg S Global Notes and the B1c Reg S Global Note;

**"B Rule 144A Global Notes"** means the B1a Rule 144A Global Note and the B1c Rule 144A Global Note;

**"Bank Accounts"** means the Transaction Account, the Euro Account, the Dollar Account, the Collection Accounts and the GIC Account (or any replacement accounts for such accounts) and references to Bank Accounts shall include any or all of them;

**"Bank Agreement"** means the bank agreement dated on or about the date hereof between the Issuer, PML, the Cash/Bond Administrator, the Account Banks and the Trustee in relation to the operation of the Collection Accounts, the Euro Account, the Dollar Account and the Transaction Account;

**"Barclays"** means Barclays Bank PLC;

**"Barclays Collection Accounts"** means the collection accounts in the name of PMCL, sort code number 20-19-90, account numbers 00806196 and 10617849.

**"Barclays Collection Accounts Declaration of Trust"** means the Barclays collection account declaration of trust dated on or about the date hereof;

**"Block Buildings Policy"** means the insurance policy described in Schedule 7 to the Mortgage Sale Agreement and any other insurance contracts in replacement, addition or substitution therefor from time to time;

**"Borrower"** means in relation to each Loan, the borrower specified in such Loan;

**"Buildings Policies"** means the buildings insurances over the Properties (including the Block Buildings Policy) or any of them; **"B1a Global Notes"** means, as the context requires, the B1a Reg S Global Note and/or each or either of the two separate B1a Rule 144A Global Notes;

**"Business Day"** means a day (other than Saturday or Sunday) on which banks are open for business in London and New York;

**"C1a Global Notes"** means, as the context requires, the C1a Reg S Global Note and/or the C1a Rule 144A Global Note;

**"C1a Noteholders"** means the persons who are for the time being holders of the C1a Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"C1a Noteholders"**, in relation to the C1a Notes or to the **"holder"** or **"holders"** of C1a Notes, shall (where appropriate) be construed accordingly;

**"C1a Notes"** means the £5,900,000 Class C1a Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the C1a Reg S Global Note (or any part thereof) and the C1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive C1a Notes (or any of them) representing the same, as the case may be, and references to the C1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"C1a Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the C1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"C1a Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the C1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"C1c Global Notes"** means, as the context requires, the C1c Reg S Global Note and/or the C1c Rule 144A Global Note;

**"C1c Note Swap Agreement"** means the ISDA Master Agreement dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the C1c Notes, as may be amended, restated, varied or supplemented from time to time and shall include:

- (e) any additional and/or replacement currency and interest rate swap agreement entered into by the Issuer from time to time in connection with the C1c Notes, and
- (f) each schedule to and confirmation in relation to such agreement or replacement agreement;

**"C1c Noteholders"** means the persons who are for the time being holders of the C1c Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"C1c Noteholders"**, in relation to the C1c Notes or to the **"holder"** or **"holders"** of C1c Notes, shall (where appropriate) be construed accordingly;

**"C1c Notes"** means the €5,000,000 Class C1c Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the C1c Reg S Global Note (or any part thereof) and the C1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive C1c Notes (or any of them) representing the same, as the case may be, and references to the C1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"C1c Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the C1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"C1c Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the C1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"C Global Notes"** means the C1a Global Notes and the C1c Global Notes;

**"C Noteholders"** means the C1a Noteholders and the C1c Noteholders;

**"C Notes"** means the C1a Notes and the C1c Notes;

**"C Reg S Global Notes"** means the C1a Reg S Global Notes and the C1c Reg S Global Note;

**"C Rule 144A Global Notes"** means the C1a Rule 144A Global Note and the C1c Rule 144A Global Note;

**"Cap Counterparty"** means Lehman Brothers Special Financing and any other counterparty from time to time of any Interest Rate Cap Agreement;

**"Cap Guarantee"** means the guarantee issued by the Cap Guarantor in favour of the Issuer pursuant to the Interest Rate Cap Guarantee;

**"Cap Guarantor"** means Lehman Brothers Holdings Inc; and any other guarantor from time to time of any Interest Rate Cap Guarantee;

**"Cash/Bond Administration Agreement"** means the cash and bond administration agreement dated on or about the date hereof between the Issuer, PML, the Cash/Bond Administrator and the Trustee;

**"Charges"** means the English Charges, the Northern Irish Charges and the Scottish Charges;

**"Charged Obligation Documents"** means the documents set out at Clause 1.2.4 of the Deed of Charge and Condition 2;

**"Charged Obligors"** means all parties to the Charged Obligation Documents having obligations whether present, future, actual or contingent to the Issuer, pursuant to such documents;

**"Charged Property"** means the property, assets, rights and undertaking for the time being comprised in or subject to the Security Interest contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it;

**"Clearstream, Luxembourg"** means Clearstream Banking, *Société Anonyme*, Luxembourg;

**"Collateral Security"** means the English Collateral Security, the Northern Irish Collateral Security and the Scottish Collateral Security;

**"Collection Accounts"** means the Barclays Collection Accounts and the Alliance & Leicester Collection Account;

**"Collection Accounts Declarations of Trust"** means the Barclays Collection Accounts Declaration of Trust and the Alliance & Leicester Declaration of Trust;

**"Commercial Combined Insurance Policy"** means the title insurance policy detailed in item (3) of Schedule 7 to the Mortgage Sale Agreement;

**"Completion Mortgage Pool"** means the Loans listed in Annexure A to the Mortgage Sale Agreement and composed of Loans (i) selected from the Cut-Off Mortgage Pool in accordance with Clause 4 of the Mortgage Sale Agreement and (ii) any Additional Loans, which are to be sold and assigned to the Issuer in accordance with provisions of the Mortgage Sale Agreement on the Issue Date;



**"Conditions"** means the Terms and Conditions applicable to the Notes, in the form set out in Schedule 6 to the Trust Deed as the same may, from time to time, be modified in accordance with the Trust Deed and any reference in the Trust Deed to a particular numbered Condition shall be construed accordingly and references in the Conditions to paragraphs shall be construed as paragraphs of such Conditions;

**"Coupon Stripping"** means the procedure by which the Detachable A Coupons may be detached from the A1a Notes in accordance with the Conditions;

**"Cut-Off Date"** means 28 July 2004;

**"Cut-Off Mortgage Pool"** means the Loans and their related Collateral Security contained in a provisional portfolio of Loans selected by PML as at the Cut-Off Date;

**"D1a Global Notes"** means, as the context requires, the D1a Reg S Global Note and/or the D1a Rule 144A Global Note;

**"D1a Noteholders"** means the persons who are for the time being holders of the D1a Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"D1a Noteholders"**, in relation to the D1a Notes or to the **"holder"** or **"holders"** of D1a Notes, shall (where appropriate) be construed accordingly;

**"D1a Notes"** means the £16,200,000 Class D1a Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the D1a Reg S Global Note (or any part thereof) and the D1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive D1a Notes (or any of them) representing the same, as the case may be, and references to the D1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"D1a Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the D1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"D1a Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the D1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"D1c Global Notes"** means, as the context requires, the D1c Reg S Global Note and/or the D1c Rule 144A Global Note;

**"D1c Note Swap Agreement"** means the ISDA Master Agreement dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the D1c Notes, as may be amended, restated, varied or supplemented from time to time and shall include:

- (g) any additional and/or replacement currency and interest rate swap agreement entered into by the Issuer from time to time in connection with the D1c Notes, and

- (h) each schedule to and confirmation in relation to such agreement or replacement agreement;

**"D1c Noteholders"** means the persons who are for the time being holders of the D1c Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"D1c Noteholders"**, in relation to the D1c Notes or to the **"holder"** or **"holders"** of D1c Notes, shall (where appropriate) be construed accordingly;

**"D1c Notes"** means the €5,000,000 Class D1c Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the D1c Reg S Global Note (or any part thereof) and the D1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive D1c Notes (or any of them) representing the same, as the case may be, and references to the D1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"D1c Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the D1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"D1c Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the D1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"D Global Notes"** means the D1a Global Notes and the D1c Global Notes;

**"D Noteholders"** means the D1a Noteholders and the D1c Noteholders;

**"D Notes"** means the D1a Notes and the D1c Notes;

**"D Reg S Global Note"** means the D1a Reg S Global Notes and the D1c Reg S Global Note;

**"D Rule 144A Global Note"** means the D1a Rule 144A Global Note and the D1c Rule 144A Global Note;

**"Definitive A Notes"** means the Definitive A1a1 Notes, the Definitive A1a2 Notes, the Definitive A1b Notes and the Definitive A1c Notes;

**"Definitive A1a1 Notes"** means the definitive notes in registered form to be issued in respect of the A1a1 Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of A1a1 Notes, **"Definitive A1a1 Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive A1a2 Notes"** means the definitive notes in registered form to be issued in respect of the A1a2 Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of A1a2 Notes, **"Definitive A1a2 Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive A1b Notes"** means the definitive notes in registered form to be issued in respect of the A1b Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of A1b Notes, **"Definitive A1b Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive A1c Notes"** means the definitive notes in registered form to be issued in respect of the A1c Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of A1c Notes, **"Definitive A1c Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive B Notes"** means the Definitive B1a Notes and the Definitive B1c Notes;

**"Definitive B1a Notes"** means the definitive notes in registered form to be issued in respect of the B1a Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of B1a Notes, **"Definitive B1a Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive B1c Notes"** means the definitive notes in registered form to be issued in respect of the B1c Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed, **"Definitive B1c Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive C Notes"** means the Definitive C1a Notes and the Definitive C1c Notes;

**"Definitive C1a Notes"** means the definitive notes in registered form to be issued in respect of the C1a Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of C1a Notes, **"Definitive C1a Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive C1c Notes"** means the definitive notes in registered form to be issued in respect of the C1c Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed, **"Definitive C1c Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive D Notes"** means the Definitive D1a Notes and the Definitive D1c Notes;

**"Definitive D1a Notes"** means the definitive notes in registered form to be issued in respect of the D1a Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of D1a Notes, **"Definitive D1a Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive D1c Notes"** means the definitive notes in registered form to be issued in respect of the D1c Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of D1c Notes, **"Definitive D1c Notes"** shall, *mutatis mutandis*, be construed accordingly;

**"Definitive E Notes"** means the definitive notes in registered form to be issued in respect of the D Notes pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed and in relation to any series of E Notes, **"Definitive E Notes"** shall, *mutatis mutandis*, be continued accordingly;

**"Definitive Notes"** means, to the extent that the same are issued, all or any of the Definitive A Notes, the Definitive B Notes, the Definitive C Notes, the Definitive D Notes and the Definitive E Notes, pursuant to, and in the circumstances specified in, Clause 3 of the Trust Deed;

**"Depository Agreement"** means the depository agreement dated on or about the date hereof between the Issuer, the Trustee and the Depository;

**"Detachable A Coupon"** means the detachable interest relating to the A1a Notes whether attached thereto or, following Coupon Stripping, detached therefrom;

**"Detachable A Couponholders"** means the holders from time to time of the Detachable A Coupons;

**"Determination Date"** means each day which falls six Business Days prior to an Interest Payment Date;

**"Documents"** means the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Mortgage Administration Agreement, the Cash/Bond Administration Agreement, the Standby Servicer Agreement, the Standby Cash/Bond Administration Agreement, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Collection Accounts Declarations of Trust, the Liquidity Facility Agreement, the Guaranteed Investment Contract, the Post Enforcement Call Option Agreement, the Subordinated Loan Agreement, the Swap Agreements, the Interest Rate Cap Agreement, the Interest Rate Cap Guarantee, the Bank Agreement, the Depository Agreement, the Exchange Rate Agency Agreement, the Master Corporate Services Agreement and Letter of Accession and **"Document"** shall mean any of them;

**"Dollar Account"** means the account in the name of the Issuer at Barclays acting through its operation at 54 Lombard Street, London EC3V 9EX, sort code: 20-19-90, account number: 67458144, denominated in US Dollars;

**"E Global Notes"** means, as the context requires, the E Reg S Global Note and/or each or either of the two separate E Rule 144A Global Notes;

**"E Noteholders"** means the persons who are for the time being holders of the E Notes and the words **"holder"** and **"holders"** shall (where appropriate) be construed accordingly; and any reference in the Trust Deed to the words **"E Noteholders"**, in relation to the E Notes or to the **"holder"** or **"holders"** of E Notes, shall (where appropriate) be construed accordingly;

**"E Notes"** means the £4,600,000 Class E Mortgage Backed Floating Rate Notes due 2042 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the E Reg S Global Note (or any part thereof) and the E Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive E Notes (or any of them) representing the same, as the case may be, and references to the E Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

**"E Reg S Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the E Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

**"E Rule 144A Global Note"** means the global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing certain of the E Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

**"Enforcement Notice"** means a notice served by the Trustee to the Issuer notifying that the Security has become enforceable in accordance with the terms of the relevant Documents and Condition 10 of the Notes;

**"Endowment Loan"** means a Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions and in respect of which collateral security in the form of an endowment policy may or may not be required;

**"English Charge"** means a legal or equitable charge granted (whether by way of assignment or deposit) by a Borrower in favour of PML, in respect of a Life Policy or Life Policies by way of collateral security for the payment of the moneys secured by an English Mortgage;

**"English Collateral Security"** means the first fixed charge in favour of the Trustee over the Issuer's interests in the English Loans, the English Mortgages and all rights and collateral security relating to the English Loans (as more fully set out in the Deed of Charge);

**"English Loan"** means a Loan secured by an English Mortgage;

**"English Mortgage"** means a legal mortgage secured over English Property;

**"English Property"** means property situated in England and Wales;

**"Exchange Rate Agency Agreement"** means the exchange rate agency agreement to be dated as of the date hereof between the Issuer, the Exchange Agent, the Trustee and the Depository;

**"Euro Account"** means the account in the name of the Issuer at Barclays, sort code: 20-19-90, account number 86003488, denominated in Euro;

**"Euroclear"** means Euroclear Bank S.A. / N.V. as operator of the Euroclear System;

**"Fitch"** means Fitch Ratings Ltd;

**"GIC Account"** means the account in the name of the Issuer at Barclays, (sort code: 20-19-90; account number: 0041 6053);

**"Guaranteed Investment Contract"** or **"GIC"** means, the agreement dated on or about the date hereof between, *inter alios*, the Issuer, Barclays, PML and the Trustee;

**"Insurance Contracts"** means the Buildings Policy, the Title Insurance Policies and the Commercial Combined Insurance Policy and any insurance contracts in replacement, addition or substitution therefor from time to time which relate to the Loans;

**"Interest Only Loan"** means an Endowment Loan, a Pension Loan or any other Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions;

**"Interest Payment Date"** means 15 December 2004 and thereafter the 15th day of each March, June, September and December (or if such day is not a Business Day, the next succeeding Business Day);

**"Interest Rate Cap Agreement"** means ISDA Master Agreement dated on or about the date hereof between the Issuer and the Cap Counterparty as may be amended, restated, varied or supplemented from time to time and shall include:

- (i) any additional and/or replacement interest rate cap agreement entered into by the Issuer from time to time; and
- (j) each schedule to and confirmation in relation to such agreement or replacement agreement.

**"Interest Rate Cap Guarantee"** means the interest rate cap guarantee dated on or about the date hereof executed by the Cap Guarantor in favour of the Issuer;

**"Issue Date"** means 13 August 2004 or such later date as the Issuer, the Managers, the Trustee and PML may agree;

**"Letter of Accession"** means the letter of accession to the Master Corporate Services Agreement dated on or about the Issue Date;

**"Life Policies"** means such policies of life assurance or endowment policies in respect of Endowment Loans, Repayment Loans or Interest Only Loans which may have been deposited or assigned by way of collateral security for the payment of the sums advanced under such Loans which includes any Substitute Life Policies;

**"Liquidity Facility"** means the revolving 364 day facility renewable at the option of the Liquidity Facility Provider granted to the Issuer by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

**"Liquidity Facility Agreement"** means the liquidity facility agreement dated on or about the date hereof between the Issuer and the Liquidity Facility Provider;

**"Loans"** means the loans comprised in the Completion Mortgage Pool, the Substitute Loans and the Prefunded Loans or any of them as the context may require and **"Loan"** means any one of them;

**"Master Corporate Services Agreement"** means the corporate services agreement dated 19 December 2001 and made between the Corporate Services Provider and a number of companies;

**"Moody's"** means Moody's Investors Service Limited and includes any successor to its rating business;

**"Mortgages"** means the English Mortgages, the Northern Irish Mortgages and the Scottish Mortgages;

**"Mortgage Administration Agreement"** means the agreement dated on or about the date hereof between, *inter alios*, the Issuer, the Trustee and PML;

**"Mortgage Conditions"** means the mortgage and lending conditions forming part of the Standard Documentation;

**"Mortgage Pool"** means, as at any particular time:

- (a) the Loans comprising the Completion Mortgage Pool;
- (b) any Substitute Loans; and
- (c) any Prefunded Loans,

and their related Collateral Security other than such Loans as shall then have been repaid or repurchased from the Issuer pursuant to Clause 7 of the Mortgage Sale Agreement.

**"Mortgage Sale Agreement"** means the mortgage sale agreement dated on or about the date hereof between, *inter alios*, the Issuer, the Trustee and PML;

**"Northern Irish Charge"** means a legal or equitable charge granted (whether by way of assignment or deposit) by a Borrower in favour of PML, in respect of a Life Policy or Life Policies by way of collateral security for the payment of the moneys secured by a Northern Irish Mortgage;

**"Northern Irish Collateral"** means the first fixed charge in favour of the Trustee over the Issuer's interests in the Northern Irish Loans, the Northern Irish Mortgages and all rights and collateral security relating to the Northern Irish Loans;

**"Northern Irish Loan"** means a loan secured by a Northern Irish Mortgage;

**"Northern Irish Mortgage"** means a legal mortgage secured over Northern Irish Property;

**"Northern Irish Property"** means property located in Northern Ireland;

**"Noteholders"** means the A Noteholders and/or the B Noteholders and/or the C Noteholders and/or the D Noteholders and/or the E Noteholders and **"Noteholder"** means any of them;

**"Notes"** means the A Notes and/or the B Notes and/or the C Notes and/or the D Notes and/or the E Notes;

**"Paying Agency Agreement"** means the Paying Agency Agreement of even date herewith between the Issuer the Principal Paying Agent, the Agent Bank, the Trustee, the Cash/Bond Administrator and the Registrar, appointing the initial Paying Agent and the Agent Bank in relation to the Notes and includes any other agreement for the time being in force appointing further or other Paying Agents or any other Agent Bank in relation to the Notes, or in connection with their respective duties, the terms of which have been previously approved in

writing by the Trustee, together with any agreement for the time being in force amending or modifying, with the prior written approval of the Trustee, any of the aforesaid agreements;

**"Paying Agents"** means:

- (d) the several institutions (including where the context requires, the Principal Paying Agent) at their respective specified offices outside the United States initially appointed as Paying Agents by the Issuer pursuant to the Paying Agency Agreement; and/or
- (e) such other or further paying agents outside the United States in respect of the Notes as may from time to time be appointed by the Issuer (with the prior approval of, and on terms previously approved by, the Trustee in writing); and/or
- (f) such other or further specified offices outside the United States (in the former case, being within the same city as those for which they are substituted) as may from time to time be nominated, in each case, by the Issuer,
- (g) and (except in the case of the initial appointments and specified offices made under and specified in the Paying Agency Agreement) notice of whose appointment or nomination has been given to the Noteholders pursuant to Clause 13.1.13 of the Trust Deed in accordance with Condition 14;

**"Pension Loan"** means a Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions and in respect of which a tax free lump sum at retirement under a pension policy should provide sums to repay the original amount of the Loan (excluding any administration or other fee added to the Loan), but it is acknowledged that no benefit under such pension policy can be assigned or charged to a lender;

**"Post Enforcement Call Option"** means the option granted to PRS3 Options Limited by the Post Enforcement Call Option Agreement;

**"Post-Enforcement Call Option Agreement"** means the post enforcement call option agreement made between the Issuer, PRS3 Options Limited and the Trustee dated 13 August 2004;

**"Prefunded Loans"** means the further loans purchased by the Issuer and included in the Mortgage Pool on a Prefunding Acquisition Date;

**"Prefunding Acquisition Date"** means any Business Day from and including the Issue Date to and including the second Interest Payment Date;

**"Prefunding Ledger"** means a ledger of such name created and maintained by the Cash/Bond Administrator recording all amounts credited to the sub-account of the GIC Account entitled the "Prefunding Fund";

**"Property"** means English Property, Northern Irish Property or Scottish Property, as appropriate;



**"Receiver"** means a receiver appointed under the Deed of Charge or pursuant to statutory powers, and includes more than one such receiver and any substitute receiver;

**"Repayment Loan"** means a Loan under the terms of which monthly instalments covering both interest and principal are paid by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Mortgage Conditions;

**"Reserve Fund"** means the amounts standing to the credit of the sub-account of the GIC Account titled the "Reserve Fund" maintained at Barclays from time to time;

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc;

**"Sasine Transfer"** means, in relation to Scottish Properties title to which is recorded in the General Register of Sasines, assignments of the relevant Loans and their related Mortgages in the form set out in Part 4 of Schedule 2 of the Mortgage Sale Agreement;

**"Scottish Charge"** means an assignment in security of a Life Policy or Life Policies granted by a Borrower by way of collateral security for the payment of monies secured by a Scottish Mortgage;

**"Scottish Collateral Security"** means the assignment in security in favour of the Trustee of the Issuer's beneficial interest in the Scottish Loans, the Scottish Mortgages and all rights and collateral security relating to such Scottish Loans;

**"Scottish Declaration of Trust"** means a declaration of trust in the form set out in Schedule 9 of the Mortgage Sale Agreement;

**"Scottish Mortgage"** means a standard security over Scottish Property;

**"Scottish Property"** means property located in Scotland;

**"Scottish Sub-Securities"** means the standard securities and the assignment in security to be executed pursuant to Clause 3.5 of the Deed of Charge;

**"Scottish Trust Property"** has the meaning ascribed to it in the Scottish Declaration of Trust;

**"Secured Amounts"** means the monies and liabilities which the Issuer covenants in Clause 2 of the Deed of Charge to pay or discharge to the Secured Creditors;

**"Secured Creditors"** means the Trustee (in its capacity as a creditor secured by the Deed of Charge), the Noteholders, any Receiver (in its capacity as a creditor secured by the Deed of Charge), the Mortgage Administrator, the Cash/Bond Administrator, PML, the Standby Servicer, the Standby Cash/Bond Administrator, the GIC Provider, the Liquidity Facility Provider, the Subordinated Loan Provider, the Principal Paying Agent, the Paying Agent, the Swap Counterparty, the Depository, the Exchange Rate Agent, the Registrar, the Agent Bank and the Account Banks and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor;

**"Security"** means the Security Interests created in favour of the Trustee by, and contained in or created pursuant to, the Deed of Charge;

**"Security Interest"** means any mortgage, standard security, sub-mortgage, charge, sub-charge, assignment or assignation in security, pledge, lien, right of set-off or other encumbrance or security interest whatsoever, howsoever created or arising;

**"SLR Transfer"** means, in relation to Scottish Properties title to which is registered or is in the course of being registered in the Land Register of Scotland, assignations of the relevant Scottish Loans and their related Mortgages in the form set out in Part 3 of Schedule 2 to the Mortgage Sale Agreement;

**"Standard Documentation"** means the documents used by PML in connection with its activities as a residential mortgage lender in relation to the Mortgage Pool listed in Schedule 10 of the Mortgage Sale Agreement, initialled for identification on behalf of the parties hereto and such other documents as may from time to time be substituted therefor or added thereto with the prior written approval of the Trustee or as required to comply with any applicable law or regulation;

**"Standby Cash/Bond Administration Agreement"** means the agreement dated on or about the date hereof between, *inter alios*, Homeloan Management Limited, PML, the Issuer and the Trustee;

**"Standby Servicer Agreement"** means the agreement dated on or about the date hereof between, *inter alios*, Homeloan Management Limited, PML, the Issuer and the Trustee;

**"Subordinated Loan"** means Tranche A, Tranche B and Tranche C or any of them, pursuant to the Subordinated Loan Agreement;

**"Subordinated Loan Agreement"** means the subordinated loan agreement dated on or about the date hereof between PML, the Trustee and the Issuer relating to the provision of the Subordinated Loan by PML to the Issuer;

**"Substitute Life Policy"** means any substitute policies of life assurance taken out by any Borrowers pursuant to Clause 13 of the Mortgage Administration Agreement and the Charges in respect of which are charged to the benefit of the Trustee;

**"Substitute Loans"** means the Loans transferred or assigned on an Interest Payment Date by PML to the Issuer pursuant to Clause 7 of the Mortgage Sale Agreement in replacement for Loans which are subject to breaches of warranty;

**"Swap Agreement"** means either of the A1b Note Swap Agreement, the A1c Note Swap Agreement, the B1c Note Swap Agreement, the C1c Note Swap Agreement and the D1c Note Swap Agreement and **"Swap Agreements"** means all of them;

**"Title Insurance Policies"** means the title insurance policies detailed in item (2) of Schedule 7 to the Mortgage Sale Agreement;

**"Tranche A"** means the first tranche drawn down by the Issuer under the Subordinated Loan in an amount of £2,668,000 which will be deposited in the Transaction Account in accordance with Clause 6 of the Cash/Bond Administration Agreement;

**"Tranche B"** means the second tranche drawn down by the Issuer under the Subordinated Loan in an amount of £4,738,000 which will be deposited in the GIC Account and credited to the Reserve Fund in accordance with Clause 6 of the Cash/Bond Administration Agreement;

**"Tranche C"** means the third tranche drawn down by the Issuer under the Subordinated Loan in an amount of £3,320,000 which will be deposited in the GIC Account and credited to the Prefunding Ledger in accordance with Clause 6 of the Cash/Bond Administration Agreement;

**"Transaction Account"** means the account in the name of the Issuer at Barclays, sort code: 20-19-90, account number: 00348546; and

**"Trust Deed"** means the Trust Deed dated on or about the date hereof between the Issuer and the Trustee constituting the Notes and the Schedules thereto.

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**CERTIFICATE OF THE REGISTRATION  
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 05109183

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF CHARGE DATED THE 13th AUGUST 2004 AND CREATED BY PREFERRED RESIDENTIAL SECURITIES 8 PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO J.P MORGAN CORPORATE TRUSTEE SERVICES LIMITED (THE TRUSTEE) AND EACH OF THE OTHER SECURED CREDITORS UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 31st AUGUST 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2nd SEPTEMBER 2004.

*mw.*  
*\$ L/C*



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES