

233890 £13

In accordance with
Sections 859A and
859J of the Companies
Act 2006

MR01

Particulars of a charge



A fee is payable with this form.
Please see 'How to pay' on the
last page

You can use the WebFiling
Please go to www.companies

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument.

☒ **What this form is NOT for**
You may not use this form to
register a charge where there
instrument Use form MR08

THURSDAY



L39FIQIX
LD3 05/06/2014 #58
COMPANIES HOUSE

This form must be delivered to the Registrar for registration within
21 days beginning with the day after the date of creation of the charge. If
delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery

☒ You must enclose a certified copy of the instrument with this form. This will be
scanned and placed on the public record

1 Company details

Company number 0 8 8 2 1 2 7 9

Company name in full Cape Funding No.1 PLC

☒ For official use

→ Filling in this form
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 2 0 0 5 2 0 1 4

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name / BNY Mellon Corporate Trustee Services Limited

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

MR01

Particulars of a charge

4

Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Continuation page
Please use a continuation page if
you need to enter more details

Description

N/A

5

Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box.

☒ Yes Continue

☐ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☒ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box.

☒ Yes

☐ No

MR01

Particulars of a charge

8

Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X *Allen & Overy LLP* X
On behalf of the chargor

This form must be signed by a person with an interest in the charge

MR01

Particulars of a charge



Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name **Shivali Sood**

Company name **Allen & Overy LLP**

Address **ONE BISHOPS SQUARE**

Post town **LONDON**

Country/Region

Postcode **E 1 6 A D**

Country **UNITED KINGDOM**

DX

Telephone **0203 088 2968**



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ [x] The company name and number match the information held on the public Register
- ☒ [x] You have included a certified copy of the instrument with this form
- ☒ [x] You have entered the date on which the charge was created
- ☒ [x] You have shown the names of persons entitled to the charge
- ☒ [x] You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☒ [x] You have given a description in Section 4, if appropriate
- ☒ [x] You have signed the form
- ☒ [x] You have enclosed the correct fee
- ☒ [x] Please do not send the original instrument, it must be a certified copy



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 8821279

Charge code. 0882 1279 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 20th May 2014 and created by CAPE FUNDING NO 1 PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 5th June 2014

8

Given at Companies House, Cardiff on 10th June 2014



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

EXECUTION VERSION

Except for material redacted pursuant
to s 859G of the Companies Act 2006.
I certify that this is a copy of
the original document.

Name PAUL WALTERS
Qualified as SOLICITOR
Allen Overy LLP
One Bishops Square
London E1 6AD
United Kingdom
Date. 5 JUNE 2014

DEED OF CHARGE

20 MAY 2014

CAPE FUNDING NO. 1 PLC
as Issuer

and

TSB BANK PLC
as Seller, Servicer, Cash Manager and Start-Up Loan Provider

and

LLOYDS BANK PLC
as Account Bank

and

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as Security Trustee and Note Trustee

and

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.
as Registrar

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Agent Bank, Principal Paying Agent and Custodian

and

STRUCTURED FINANCE MANAGEMENT LIMITED
as Corporate Services Provider

ALLEN & OVERY

Allen & Overy LLP

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THIS DEED OF CHARGE is made on 20 May 2014

BETWEEN

- (1) **CAPE FUNDING NO. 1 PLC** (registered number 08821279), a public 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 (the **Issuer**),
- (2) **TSB BANK PLC** (registered number SC095237), a company incorporated in Scotland and registered as a public company under the Companies Act 1985 whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH (in its capacity as **Seller** under the Mortgage Sale Agreement),
- (3) **TSB BANK PLC** (registered number SC095237), a company incorporated in Scotland and registered as a public company under the Companies Act 1985 whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH (in its capacity as **Servicer** under the Servicing Agreement),
- (4) **TSB BANK PLC** (registered number SC095237), a company incorporated in Scotland and registered as a public company under the Companies Act 1985 whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH (in its capacity as **Cash Manager** under the Cash Management Agreement, which expression shall include such person and all other persons for the time being acting as cash manager pursuant to the Cash Management Agreement),
- (5) **TSB BANK PLC** (registered number SC095237), a company incorporated in Scotland and registered as a public company under the Companies Act 1985 whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH (in its capacity as **Start-Up Loan Provider**, which expression shall include such person and all other persons for the time being acting as the start-up loan provider pursuant to the Start-Up Loan Agreement),
- (6) **LLOYDS BANK PLC** (registered number 0002065), a company incorporated in England and Wales and registered as a public company under the Companies Act 1985 whose registered office is at 25 Gresham Street, London EC2V 7HN (in its capacity as **Account Bank**, which expression shall include such person and all other persons for the time being acting as the account bank pursuant to the Bank Account Agreement),
- (7) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, a company incorporated pursuant to the laws of England and Wales with registered number 02631386 having its registered office at 1 Canada Square, London E14 5AL (acting in its capacity as the trustee of the trusts created by this Deed of Charge, the **Security Trustee**, which expression shall include such company and all other persons or companies, successors and co-trustees for the time being acting as security trustee (or co-trustee) pursuant to the terms of this Deed),
- (8) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, a company incorporated pursuant to the laws of England and Wales with registered number 02631386 having its registered office at 1 Canada Square, London E14 5AL (acting in its capacity as the trustee of the trusts created under the Trust Deed, the **Note Trustee**, for the Noteholders, which expression includes such company and all other persons or companies, successors and co-trustees for the time being acting as trustee or trustees pursuant to the Trust Deed),
- (9) **THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.**, a Luxembourg *société anonyme* whose registered address is at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg (acting in its capacity as the **Registrar** which expression shall include such person and

all other persons for the time being acting as registrar for the time being pursuant to the Agency Agreement),

- (10) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a New York banking company whose London branch address is 1 Canada Square, London E14 5AL (acting in its capacity as the **Agent Bank** which expression shall include such person and all other persons for the time being acting as agent bank for the time being pursuant to the Agency Agreement),
- (11) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a New York banking company whose London branch address is 1 Canada Square, London E14 5AL (acting in its capacity as **Principal Paying Agent**, which expression shall include such person and all other persons for the time being acting as principal paying agent pursuant to the Agency Agreement),
- (12) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a New York banking company whose London branch address is 1 Canada Square, London E14 5AL (acting in its capacity as **Custodian**, which expression shall include such person and all other persons for the time being acting as custodian pursuant to the Custody Agreement), and
- (13) **STRUCTURED FINANCE MANAGEMENT LIMITED** (registered number 3853947), a private limited company incorporated in England and Wales whose registered office is at 35 Great St Helen's, London EC3A 6AP (the **Corporate Services Provider**, which expression shall include such person and all other persons for the time being acting as corporate services provider pursuant to the Corporate Services Agreement)

WHEREAS

- (A) This Deed secures, *inter alia*, the Secured Obligations
- (B) The Issuer will on the date of this Deed issue the Notes pursuant to the Trust Deed and the Variable Funding Note Issuance Deed
- (C) By the Mortgage Sale Agreement, the Seller has agreed to sell its interest in a portfolio of residential mortgage loans comprising the Loans and their Related Security and the New Loans and their Related Security and to transfer the Substitute Loans and their Related Security, and all amounts derived therefrom from time to time, to the Issuer
- (D) By the Servicing Agreement, the Servicer has agreed to act as servicer and to service the Portfolio on behalf of the Issuer
- (E) By the Cash Management Agreement, the Cash Manager has agreed to act as cash manager and to provide certain administration and cash management services to the Issuer
- (F) By the Bank Account Agreement, the Account Bank has agreed to provide certain bank account services to the Issuer in respect of the Bank Accounts
- (G) By the Start-Up Loan Agreement, the Start-Up Loan Provider has agreed to provide the Start-Up Loan to the Issuer
- (H) By the Agency Agreement, the Agents have agreed to provide certain agency services on behalf of the Issuer for the benefit of the Noteholders
- (I) By the Corporate Services Agreement, the Corporate Services Provider has agreed to act as corporate services provider to the Issuer and Holdings

- (J) The Issuer has agreed to provide the Security Trustee with the benefit of the Security described in this Deed to secure the Secured Obligations. The Security Trustee shall hold such Security on trust for itself and the other Secured Creditors on the terms set out in this Deed

IT IS HEREBY AGREED as follows

1. INTERPRETATION

1.1 Definitions

The master definitions and construction schedule signed by, amongst others, the parties hereto and dated on or about 20 May 2014 (as the same may be amended, restated, varied or supplemented from time to time, the **Master Definitions and Construction Schedule**) is expressly and specifically incorporated into this Deed 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 Deed, including the Recitals hereto and this Deed shall be construed in accordance with the interpretation provisions set out in Clause 2 (Interpretation and Construction) of the Master Definitions and Construction Schedule

1.2 Construction

In this Deed, except where the context otherwise requires

- (a) The terms of the Trust Deed, the Master Definitions and Construction Schedule and of any other agreement in existence at the date hereof between the parties hereto in relation to any such documents are incorporated in this Deed to the extent required to ensure that any proposed disposition of the Charged Assets contained in this Deed is a valid disposition in accordance with Section 2(1) of the LP (MP) Act
- (b) A reference in this Deed to any property, assets, undertakings or rights includes, unless the context otherwise requires, present and future property, assets, undertakings or rights
- (c) This **Deed** means this Deed of Charge and all the Schedules hereto (as from time to time modified and/or supplemented in accordance with the provisions set out herein) and/or expressed to be supplemented hereto and each other document or deed (including, for the avoidance of doubt, each Scottish Supplemental Charge and each Scottish Sub-Security) entered into pursuant hereto (as from time to time modified and/or supplemented as aforesaid) and/or expressed to be supplemental hereto
- (d) The term **full title guarantee** will be construed in accordance with the LP (MP) Act
- (e) All references in the Transaction Documents involving compliance by the Security Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference to the interests of the Noteholders, or if there are no Notes outstanding, the interests of all of the other Secured Creditors

1.3 Conflicts

For so long as any Notes remain outstanding the Note Trustee and the Security Trustee shall not act upon any direction of any Secured Creditor (other than the relevant Noteholders and/or Controlling Class in accordance with Clause 10 (*Enforcement*), Clause 11 (*Actions and Proceedings*) and Clause 12 (*Modification, Waiver, Authorisation and Determination*) of the Trust Deed. From the date that the Class A1P Notes, the Class A1R Notes and the Class A2 Notes are repaid in full and cancelled, the Note Trustee and Security Trustee shall have regard to the interests of the Secured

Creditor ranking most senior in the Post-Enforcement Priority of Payments (other than the Note Trustee, any Receiver, the Security Trustee or Agent Bank) or if there is more than one such Secured Creditor, all such Secured Creditors and, notwithstanding anything to the contrary contained in this Deed, the Trust Deed or any other Transaction Document, shall act and rely solely and without further investigation on any direction provided to it by the relevant Secured Creditor or any other person for acting or relying

2. ISSUER'S COVENANT TO PAY

The Issuer covenants with and undertakes to the Security Trustee for itself and on trust for the other Secured Creditors that it will, subject to the provisions of the Transaction Documents

- (a) duly and punctually pay and discharge all monies and liabilities whatsoever which now are, or at any time hereafter may (whether before or after demand) become, due and payable to the Security Trustee (whether for its own account or as trustee for the Secured Creditors) or any of the other Secured Creditors by the Issuer, whether actually or contingently, under this Deed or any other Transaction Document, and
- (b) observe, perform and satisfy all its other obligations and liabilities under this Deed and each other Transaction Document

3. SECURITY AND DECLARATION OF TRUST

3.1 Contractual rights

- (a) As continuing security, the Issuer, by way of first fixed security for the payment or discharge of the Secured Obligations, subject to Clause 4 (Release of Charged Assets), hereby assigns absolutely by way of security (and, to the extent not assigned, charges by way of first fixed charge) to the Security Trustee all of its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than the Trust Deed, this Deed, any Scottish Declaration of Trust, any Scottish Sub-Securities and any Scottish Supplemental Charge) to which it is a party including, without limitation, all rights to receive payment of any amounts which may become payable to the Issuer thereunder and all payments received by the Issuer thereunder including, without limitation, 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 Security Trustee absolutely
- (b) The term **all of its rights** as used in this Clause 3 includes (but is not limited to), unless the context requires otherwise
 - (i) the benefit of all covenants, undertakings, representations, warranties and indemnities,
 - (ii) all powers and remedies of enforcement and/or protection,
 - (iii) all rights to receive payment of all amounts assured or payable (or to become payable) and all rights to take such steps as are required to cause payment to become due and payable, and
 - (iv) all causes and rights of action,

in each case, in respect of the relevant Charged Assets

3.2 English Loans, the English Mortgages and other Related Security

The Issuer, by way of first fixed security for the payment or discharge of the Secured Obligations, as the registered owner or as the person entitled to be registered as owner and subject to Clause 4 (Release of Charged Assets), hereby absolutely assigns by way of continuing security (and, to the extent not assigned, charges by way of first fixed charge) to the Security Trustee all of its rights, title, interest and benefit, present and future, in, to and under the English Loans, the English Mortgages and their other Related Security and all other related rights under the same including, for the avoidance of doubt, and without limitation, 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 the English Mortgages comprised from time to time in the Portfolio, 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 comprised from time to time in the Portfolio (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 English Loans in the Portfolio or their Related Security, TO HOLD the same unto the Security Trustee absolutely

3.3 Insurance Policies

The Issuer, by way of first fixed security for the payment and discharge of the Secured Obligations, and subject to Clause 4 (Release of Charged Assets), hereby assigns absolutely by way of continuing security (and, to the extent not assigned, charges by way of first fixed charge) to the Security Trustee all of its rights, title, interest and benefit, present and future, in, to and under the Insurance Policies to the extent that such rights, title, interest and benefit in, to and under the Insurance Policies have been assigned to the Issuer pursuant to the Mortgage Sale Agreement, and including, without limitation, all amounts which may become payable thereunder and the benefit of all covenants, undertakings and rights relating thereto and all powers and remedies for enforcing the same, TO HOLD the same unto the Security Trustee absolutely

3.4 Scottish Sub-Securities

The Issuer, subject to Clause 4 (Release of Charged Assets), hereby undertakes to the Security Trustee and binds and obliges itself

- (a) upon the delivery to it of any SLR Transfer from the Seller pursuant to Clause 7 2(c) of the Mortgage Sale Agreement forthwith to execute and deliver to the Security Trustee in security for the payment and discharge of the Secured Obligations a Scottish Sub-Security substantially in the form set out in Schedule 2 (Form of Scottish Sub-Security (Land Register)) to this Deed in respect of the Issuer's whole right, title and interest in and to all of the Scottish Mortgages (and the Scottish Mortgage Loans secured thereby) to which the Issuer is entitled in terms of such SLR Transfer,
- (b) upon the delivery to it of any Sasine Transfer from the Seller pursuant to Clause 7 2(d) of the Mortgage Sale Agreement forthwith to execute and deliver to the Security Trustee in security for the payment and discharge of the Secured Obligations a Scottish Sub-Security substantially in the form set out in Schedule 3 (Form of Scottish Sub-Security (Sasine Register)) of this Deed in respect of the Issuer's whole right, title and interest in and to all of the Scottish Mortgages (and the Scottish Mortgage Loans secured thereby) to which the Issuer is entitled in terms of such Sasine Transfer,
- (c) at the time of delivery of any Scottish Sub-Security in accordance with the preceding provisions of this Clause 3 4 simultaneously to deliver to the Security Trustee the relevant

SLR Transfer and the relevant Sasine Transfer respectively pertaining to the Scottish Mortgages specified in that Scottish Sub-Security,

- (d) if and when called upon to do so by the Security Trustee (but subject to the provisions of the Mortgage Sale Agreement), to use all reasonable endeavours and to take all such steps as are necessary to perfect legal title to the Scottish Mortgage Loans and their Related Security from time to time comprised in the Portfolio, including without limitation the registration or recording of the Issuer as heritable creditor under such Scottish Mortgages at the Registers of Scotland or the General Register of Sasines and intimation thereof to the relevant Borrowers, and
- (e) if and when called upon to do so by the Security Trustee, to use all reasonable endeavours to execute and deliver such documents, and in such form, and to take such other steps as the Security Trustee shall reasonably consider necessary to enable the Security Trustee to perfect a first ranking heritable security over the Scottish Mortgages from time to time comprised in the Portfolio and a first ranking fixed security over the rights, title and interest of the Issuer in and to the other Related Security and all sums secured thereby

3.5 Scottish Trust Security

- (a) The Issuer undertakes forthwith upon the execution and delivery after the date of this Deed of each and every Scottish Declaration of Trust entered into pursuant to Clauses 3 (Closing Date) and Clause 4 (Sale and Purchase of New Portfolio and Transfer of Substitute Portfolios) of the Mortgage Sale Agreement, to execute and deliver to the Security Trustee a Scottish Supplemental Charge substantially in the form set out in Schedule 4 (Form of Scottish Supplemental Charge) to this Deed. The other parties to this Deed consent to the entering into from time to time of such Scottish Supplemental Charges and the Security Trustee authorises and instructs the Issuer to intimate and give notice to the Seller of the assignation in security made thereunder as provided therein
- (b) The Seller undertakes to execute each such Scottish Supplemental Charge to which it is a party as trustee under each Scottish Declaration of Trust granted by it.
- (c) The Issuer undertakes to the Security Trustee at the time of delivery of any Scottish Supplemental Charge under the terms of Clause 3.5(a) simultaneously to deliver to the Security Trustee each Scottish Declaration of Trust specified therein

3.6 Bank Accounts

As continuing security, the Issuer, by way of first fixed security for the payment or discharge of the Secured Obligations, subject to Clause 4 (Release of Charged Assets), hereby charges by way of first fixed charge in favour of the Security Trustee all of its rights, title, interest and benefit, present and future, in and to all monies now or at any time hereafter standing to the credit of the Bank Accounts and each other account (if any) in which the Issuer may at any time have or acquire any right, title benefit or interest, together with all interest accruing from time to time thereon and the debt represented thereby, TO HOLD the same unto the Security Trustee absolutely

3.7 Security over Authorised Investments

As continuing security, the Issuer, by way of first fixed security for the payment or discharge of the Secured Obligations, subject to Clause 4 (Release of Charged Assets), hereby charges in favour of the Security Trustee all of its rights, title, interest and benefit, present and future, to and under or in respect of any Authorised Investments to be made from time to time by or on behalf of the Issuer using monies standing to the credit of the Bank Accounts and all monies, income and proceeds

payable thereunder or accrued thereon and the benefit of all covenants relating thereto and all rights and remedies for enforcing the same, TO HOLD the same unto the Security Trustee absolutely

3.8 Floating charge

As continuing security, the Issuer, by way of first floating security for the payment or discharge of the Secured Obligations, subject to Clause 4 (Release of Charged Assets), hereby charges to the Security Trustee by way of first floating charge the whole of its undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, including without limitation its uncalled capital, other than any property or assets from time to time or for the time being subject of fixed charges pursuant to Clauses 3 1 (Contractual rights) to 3 7 (Security over Authorised Investments) (inclusive) or otherwise effectively assigned by way of security or charged by way of fixed security but extending over all of its property, assets, rights and revenues as are situated in Scotland or governed by Scottish law (whether or not the subject of fixed charges as aforesaid) The floating charge created hereby is a qualifying floating charge for the purpose of paragraph 14 of Schedule B1 of the Insolvency Act and accordingly paragraph 14 of Schedule B1 of the Insolvency Act applies to the floating charge

3.9 Full title guarantee

Each of the dispositions, assignments or assignations of or charges over property effected in or pursuant to Clauses 3 1 (Contractual rights) to 3 8 (Floating charge) (inclusive) is made with full title guarantee or, in relation to Scottish Mortgage Loans and their Related Security, with absolute warrandice, as beneficial owner and registered owner, as the case may be

3.10 Further acquired rights

For the avoidance of doubt and subject to Clauses 3 4 (Scottish Sub-Securities) and 3 5 (Scottish Trust Security), it is hereby confirmed that reference herein to Mortgage Loans (including English Mortgage Loans and Scottish Mortgage Loans), their Related Security and Insurance Policies and related rights under the same include those which are hereafter sold or transferred to or otherwise acquired by the Issuer and that the Security created by or pursuant to Clause 3 1 (Contractual rights) to Clause 3 7 (Security over Authorised Investments) (inclusive) are, and are intended to be, specific and fixed assignments and assignations by way of security of, or specific and fixed charges or standard securities over (as the case may be), the items to which they relate, both present and future acquired

3.11 Notice and acknowledgement

- (a) The execution of this Deed constitutes irrevocable notice in writing to each Secured Creditor of the assignment of all of the Issuer's rights, title, interest and benefit, present and future in, to and under the Transaction Documents charged under Clause 3 1 (Contractual rights) (the **Charged Transaction Documents**) and the execution of this Deed by each of the Secured Creditors shall constitute an express acknowledgement by each of them of such conveyances, transfers, charges and assignments and other Security Interests made or granted by the foregoing provisions of this Clause 3 The Issuer authorises and instructs each of the Secured Creditors, in relation to the Issuer's rights (but not its obligations) under the relevant Charged Transaction Document(s), to deal with the Security Trustee without reference to the Issuer
- (b) Each Secured Creditor acknowledges and consents to the assignment referred to in paragraph (a) above and confirms that

- (i) it will deal only with the Security Trustee in relation to the Issuer's rights (but not its obligations) under the Charged Transaction Document(s) without any reference to the Issuer, and
 - (ii) as of the date of this Deed it has not received from any other person notice of any assignment or charge of any Charged Transaction Document
- (c) Each Secured Creditor acknowledges the Security and covenants to the Security Trustee not to do anything inconsistent with the Security or knowingly to prejudice that Security or any of the Charged Assets (or the Security Trustee's interest in such property), *provided, that*, subject to Clause 20 (Exercise of Certain Rights), this Deed does not limit the rights or obligations of any of the Secured Creditors exercisable or to be performed in accordance with and subject to the terms of any of the Transaction Documents

3.12 Charged Transaction Documents

Subject to Clause 23.2 (Delegation), without prejudice to the rights of the Security Trustee after the Security created under or pursuant to this Deed has become enforceable, the Issuer hereby authorises the Security Trustee, prior to the security created by or pursuant to this Deed becoming enforceable, to exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies of the Issuer under or in respect of the Transaction Documents referred to in Clause 3.1 (Contractual rights) in such manner as the Security Trustee in its absolute discretion shall think fit. For the avoidance of doubt, the Security Trustee shall not be required to have regard to the interests of the Issuer in the exercise or non-exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Issuer in relation thereto.

3.13 Notice of Transaction Documents

Each Secured Creditor shall be deemed to have notice of all of the provisions of the Transaction Documents.

3.14 Payments to the Issuer

Notwithstanding the Security but subject as provided otherwise in this Deed, each of the parties acknowledges that each Secured Creditor and each other party to any Charged Transaction Document may continue to make all payments becoming due to the Issuer under any Transaction Document in the manner envisaged by that document until receipt of written notice from the Security Trustee or any Receiver requiring payments to be made otherwise.

3.15 Declaration of trust

The Security Trustee hereby declares itself trustee of all the covenants, undertakings, charges, assignments, assignations and other Security Interests made or given or to be made or given under or pursuant to this Deed and the other Transaction Documents to which it is a party for itself and the other Secured Creditors in respect of the Secured Obligations owed to each of them respectively upon and subject to the terms and conditions of this Deed. Each Secured Creditor acknowledges and agrees to that trust.

4. RELEASE OF CHARGED ASSETS

4.1 Prior to payment or discharge of Secured Obligations

Notwithstanding anything to the contrary contained herein, the Issuer may make cash payments out of the Bank Accounts as and to the extent permitted or required by the Transaction Documents.

4.2 On payment or discharge of Secured Obligations

On proof being given to the satisfaction of the Security Trustee as to the irrevocable and unconditional payment or discharge (or any combination of the foregoing) of all the Secured Obligations, the Security Trustee, at the written request and cost of the Issuer, shall release, reassign, retrocess or discharge from the Security the Charged Assets to, or to the order of, the Issuer

4.3 On disposal of Authorised Investments

Upon the Cash Manager, on behalf of the Issuer, making a disposal of an Authorised Investment charged pursuant to Clause 3 7 (Security over Authorised Investments), the Security Trustee shall, but without being responsible for any loss, costs, claims or liabilities whatsoever occasioned and howsoever arising by so acting, release, reassign or discharge from the Encumbrances constituted by this Deed the relevant Authorised Investments, *provided, that* the proceeds of such disposal are paid into an account charged pursuant to Clause 3 6 (Bank Accounts) in accordance with Clause 6 4 (Investments in Authorised Investments) from which the monies to make such Authorised Investments were originally drawn, subject to and in accordance with the provisions of the Cash Management Agreement and this Deed

4.4 On withdrawals from Bank Accounts

From time to time, for the avoidance of doubt, there shall be deemed to be released from the Encumbrances constituted by this Deed all amounts which the Cash Manager, on behalf of the Issuer, is permitted to withdraw from the Transaction Account pursuant to Clauses 6 2 (Pre-Enforcement Priority of Payments) and 6 3 (Payments under Cash Management Agreement) and from the other Bank Accounts as and to the extent permitted or required by the Transaction Documents, any such release to take effect immediately upon the relevant withdrawal being made, *provided, that* where the relevant amount is transferred to another Bank Account of the Issuer, it shall thereupon become subject to the Encumbrances constituted by this Deed in respect of such Bank Account

4.5 Repurchase of Loans

In the event of any repurchase of Loans and their Related Security pursuant to and in accordance with the Transaction Documents, or the sale of Loans and their Related Security pursuant to and in accordance with the Variable Funding Note Issuance Deed, such Loans and their Related Security shall no longer form part of the Portfolio and shall be automatically released from the Security Interests created under or pursuant to this Deed and the Security Trustee shall, if so requested in writing by the Issuer (at the sole cost and expense of the Issuer) release, reassign, retrocess or discharge those Loans and their Related Security from the Security Interests created hereunder or pursuant to this Deed in respect thereof on or prior to the date of any such repurchase, *provided, that* the Issuer shall have provided to the Security Trustee a certificate from a director of the Issuer (or an Authorised Signatory of the Cash Manager on behalf of the Issuer) confirming that

- (a) such repurchase or sale of Loans and their Related Security has been made in accordance with the terms of the Transaction Documents, and
- (b) the purchase price in respect of such repurchased Loans and their Related Security has been received into the Transaction Account and credited to the applicable Ledger in accordance with the Transaction Documents

4.6 Release of the Class A1R Notes

Notwithstanding any other provision of this Deed, the Trust Deed or any other Transaction Document, upon the delivery of a Note Acceleration Notice, if the Class A1 Put Option has not occurred, the Security Trustee shall procure the delivery of the Class A1R Notes to the Class A1R Noteholder in full discharge of the Secured Obligations with respect to the Class A1R Notes owed by the Issuer to the Class A1R Noteholder whereupon any amounts owing with respect to the Class A1R Notes shall be deemed discharged and any Security Interests existing in relation to the Class A1R Notes shall be released

5. CONTINUANCE OF SECURITY

5.1 Continuing security

The charges, assignments and assignments and other Security Interests contained in or granted pursuant to this Deed

- (a) shall be without prejudice and in addition to and shall not merge with any other security whatsoever which may be held by the Secured Creditors or the Security Trustee on behalf of the Secured Creditors from the Issuer or any other person for or in respect of the whole or part of the Secured Obligations, and
- (b) shall remain in force as continuing security for the Secured Creditors notwithstanding any intermediate payment or satisfaction of any part of the Secured Obligations or any settlement of account or the existence at any time of a credit balance on any current or other account or any other act, event or matter whatsoever

5.2 Acknowledgement of Security

The Issuer hereby acknowledges the charges, assignments, assignments and other Security Interests made or granted by the foregoing provisions of this Deed and undertakes to the Security Trustee not to do anything inconsistent with the security given under or pursuant to this Deed or knowingly to prejudice the security granted to the Security Trustee under or pursuant to this Deed or the Charged Assets or the Security Trustee's interest therein and the Issuer covenants not to permit the validity, effectiveness, or priority of the security given under or pursuant to this Deed to be postponed, amended, terminated or discharged.

6. PAYMENTS OUT OF THE BANK ACCOUNTS, AUTHORISED INVESTMENTS AND APPLICATION OF CASH PRIOR TO ACCELERATION

6.1 Following service of a Note Acceleration Notice

No payment, transfer or withdrawal from the Bank Accounts may be made under this Clause 6 at any time after a Note Acceleration Notice has been served (which has not been withdrawn) other than with the prior written consent of the Security Trustee

6.2 Pre-Enforcement Priority of Payments

Notwithstanding the security rights created by or pursuant to Clause 3 (Security and Declaration of Trust), but prior to the service of a Note Acceleration Notice, the Cash Manager, on behalf of the Issuer, shall withdraw, or shall instruct the Account Bank, or cause the Account Bank to be instructed, to withdraw or transfer (unless the intended recipient of the relevant payment agrees otherwise and subject to the terms of the Cash Management Agreement and the Variable Funding Note Issuance Deed) monies from the Transaction Account on each Interest Payment Date (subject

to Clause 6 3 (Payments under Cash Management Agreement) below) to be applied in accordance with the relevant Pre-Enforcement Priority of Payments, as applicable, as set out in Schedule 2 (Cash Management and Maintenance of Ledgers) of the Cash Management Agreement and Schedule 6 (Pre-Enforcement Priorities of Payments) of the Variable Funding Note Issuance Deed

6.3 Payments under Cash Management Agreement

Notwithstanding the security rights created by or pursuant to Clause 3 (Security and Declaration of Trust), but prior to the service of a Note Acceleration Notice, the Cash Manager, on behalf of the Issuer, shall withdraw, or shall instruct the Account Bank, or cause the Account Bank to be instructed, to withdraw (unless the intended recipient of the relevant payment agrees otherwise and subject to the terms of the Cash Management Agreement and the Variable Funding Note Issuance Deed) monies from the Bank Accounts (only to the extent that such withdrawal does not cause the applicable Bank Account to become overdrawn) for application on any Business Day in investing in Authorised Investments and making any payments due to be made subject to and in accordance with the Cash Management Agreement

6.4 Investments in Authorised Investments

On behalf of the Issuer, the Cash Manager may in the name of the Issuer, invest monies standing from time to time and at any time standing to the credit of the Bank Accounts in Authorised Investments subject to the following provisions

- (a) any costs properly and reasonably incurred in making and changing investments will be reimbursed to the Cash Manager, and
- (b) all income or proceeds following the disposal or maturity of Authorised Investments shall be credited to the Bank Account(s) from which the monies to invest in Authorised Investments were originally drawn

6.5 Transactions in Authorised Investments

Notwithstanding the security rights created by or pursuant to Clause 3 (Security and Declaration of Trust) but prior to the service of a Note Acceleration Notice, Authorised Investments may, at the request of the Cash Manager, on any Business Day, be sold or redeemed or disposed of or realised or otherwise deposited subject always to the other provisions hereof (including without limitation Clause 3 7 (Security over Authorised Investments) and Clause 4 3 (On disposal of Authorised Investments))

6.6 Management and application of funds

The Issuer shall take or cause to be taken such action as may from time to time be necessary on its part to ensure that the Transaction Account shall from time to time be credited with all amounts received by the Issuer and falling within any of the categories set forth in Clause 4 1(b) of the Cash Management Agreement

6.7 Enforcement when not all amounts due and payable

If the Security Trustee enforces the Security at a time when either no amounts or not all amounts owing in respect of the Secured Obligations have become due and payable, the Security Trustee (or a Receiver) may, for so long as no such amounts or not all such amounts have become due and payable, pay any monies received or recovered by the Security Trustee or the Receiver for the benefit of the Secured Creditors in respect of such Secured Obligations into, and retain such monies in, an interest bearing account to be held by it as security (a **retention account**) and applied by it in

accordance with Clause 6 2 (Pre-Enforcement Priority of Payments) on any subsequent Interest Payment Dates or, following the service of a Note Acceleration Notice, in accordance with Clause 7 (Payments out of the Bank Accounts Upon Acceleration)

6.8 VAT

If any sums which are payable by the Issuer under Clause 6 2 (Pre-Enforcement Priority of Payments) or Clause 7 (Payments out of the Bank Accounts Upon Acceleration) of this Deed are subject to VAT, the Issuer shall make payment of the amount in respect of VAT as provided in the relevant agreement pursuant to which payment is due to the relevant person in accordance with the order of priorities set out in those clauses

6.9 Obligations in relation to Charged Assets and Transaction Documents

Notwithstanding the security created under Clause 3 (Security and Declaration of Trust) to this Deed, the Issuer shall, subject to Clause 6 2 (Pre-Enforcement Priority of Payments) or as specifically provided otherwise in the Transaction Documents and prior to delivery of a Note Acceleration Notice, exercise its rights, powers and discretions and perform its obligations in relation to the Charged Assets and under the Transaction Documents in accordance with the provisions of the Transaction Documents

7. PAYMENTS OUT OF THE BANK ACCOUNTS UPON ACCELERATION

7.1 After a Note Acceleration Notice

From and including the time when a Note Acceleration Notice (which has not been withdrawn) has been served on the Issuer

- (a) no amount may be withdrawn from the Bank Accounts without the prior written consent of the Security Trustee, and
- (b) if not already crystallised, any charge created by Clause 3 (Security and Declaration of Trust), which is a floating charge, shall crystallise upon service of a notice from the Security Trustee to the Issuer

7.2 Post-Enforcement Priority of Payments

Following the service of a Note Acceleration Notice by the Note Trustee (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager on its behalf) will apply all moneys standing to the credit of the Bank Accounts and all receipts (however characterised or realised) received by the Issuer and/or the Security Trustee or a Receiver (whether of principal or interest or otherwise) in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full).

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of
 - (i) any remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Note Trustee or any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein, and
 - (ii) any remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Security Trustee or any Appointee

under the provisions of this Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein,

- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration, fees, costs, charges, liabilities, expenses, indemnity payments and all other amounts then due and payable to the Principal Paying Agent, the Agent Bank, the Registrar, the Custodian and the Corporate Services Provider under the provisions of the Agency Agreement, the Custody Agreement or the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein,
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (i) below)),
- (d) *fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of
 - (i) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Servicer under the provisions of the Servicing Agreement together with (if payable) VAT thereon as provided therein,
 - (ii) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Cash Manager under the provisions of the Cash Management Agreement together with (if payable) VAT thereon as provided therein, and
 - (iii) any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Account Bank under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein,
- (e) *fifth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of
 - (i) amounts due on the relevant Interest Payment Date to pay the Relevant Class A1P Note Interest Amount, any accrued but unpaid interest and all amounts in respect of the Class A1P Facility Commitment Fee due and payable to the Class A1P Noteholder,
 - (ii) amounts due on the relevant Interest Payment Date to pay the Relevant Class A1R Note Interest Amount and any accrued but unpaid interest to the Class A1R Noteholder, and
 - (iii) amounts due on the relevant Interest Payment Date to pay the Relevant Class A2 Note Interest Amount and any accrued but unpaid interest to the Class A2 Noteholder,
- (f) *sixth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof
 - (i) principal due and payable on the Class A1P Notes,

- (ii) principal due and payable on the Class A1R Notes, and
- (iii) principal due and payable on the Class A2 Notes,

in each case until the Principal Amount Outstanding on the Notes has been reduced to zero,

- (g) *seventh*, any Ratchet Fee due and payable to the Class A1P Noteholder,
- (h) *eighth*, to pay *pro rata* and *pari passu* all amounts of interest due and payable or accrued (if any) but unpaid and any Capitalised Interest and amounts of principal due to the Start-Up Loan Provider under the Start-Up Loan until the Start-Up Loan Provider has been repaid in full in respect of such tranches,
- (i) *ninth*, to pay *pro rata* and *pari passu* all amounts of interest due and payable or accrued (if any) but unpaid and any Capitalised Interest and amounts of principal due to the Class Z Noteholder under the Class Z Notes,
- (j) *tenth*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer, and
- (k) *eleventh*, to pay any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller

7.3 Subordination

- (a) Each of the Secured Creditors hereby agrees to be bound by the order of priority set out in the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments (as applicable) Without prejudice to Clause 20 (Exercise of Certain Rights) each of the Secured Creditors further agrees with each other party to this Deed that, notwithstanding any other provision contained herein or in any other Transaction Document
 - (i) it will not demand or receive payment of any distribution in respect of, or on account of, any amounts payable by the Issuer or the Security Trustee (as applicable) to that Secured Creditor under the Transaction Documents, in cash or in kind, and will not apply any money or assets in discharge of any such amounts payable to it (whether by set-off or by any other method), unless all amounts then due and payable by the Issuer to all other Secured Creditors ranking higher in the order of priority set out in the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) have been paid in full, and
 - (ii) without prejudice to the foregoing, whether in the liquidation of the Issuer or any other party to the Transaction Documents or otherwise, if any payment or distribution (including by way of set-off or the proceeds of any enforcement of any Security) is received by a Secured Creditor in respect of any amount payable by the Issuer or the Security Trustee (as applicable) to that Secured Creditor under the relevant Transaction Document at a time when, by virtue of the provisions of the relevant Transaction Document and this Deed, no payment or distribution should have been made, the amount so received shall be held by the Secured Creditor upon trust for the Issuer or, as applicable, the Security Trustee and shall be paid over to the Issuer or, as applicable, the Security Trustee as soon as is reasonably practicable following the earlier of, (i) receipt of written notice from the Issuer or, as applicable, the Security Trustee and (ii) actual knowledge of such Secured Creditor, in each case, that such payment or distribution should not have been made (whereupon the

relevant payment or distribution shall be deemed not to have been made or received)

- (b) The Security Trustee shall not pay or repay, or make any distribution in respect of, any amount owing to a Secured Creditor under the relevant Transaction Documents, in cash or in kind, except as expressly provided for in the relevant Transaction Documents, unless and until all amounts then payable by the Security Trustee to all other Secured Creditors ranking higher in the order of priority set out in the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) have been paid in full based on the information provided to it by the Cash Manager and/or the Issuer and/or the relevant Secured Creditor. Subject to Clause 12 (Protection of Security Trustee and Receiver), the Security Trustee shall not be held liable for any incorrect payment, repayment or distribution if such payment, repayment or distribution is made in reliance upon the information provided to it by the Cash Manager and/or the Issuer and/or the relevant Secured Creditor.
- (c) Where amounts owing to a group of Secured Creditors under the relevant Transaction Document are expressed to be required to be made *pari passu* and *pro rata* among such group, the Security Trustee shall not pay or repay, or make any distribution in respect of, such amounts to any Secured Creditor of such group, in cash or in kind, except on a *pari passu* and *pro rata* basis among such group.

8. ACTION, PROCEEDINGS AND INDEMNIFICATION

- 8.1 The Security Trustee shall not be bound to take any action in relation to these presents or any other Transaction Documents unless it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities, actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damage and expenses which it may incur by so doing and, for this purpose, the Security Trustee may demand prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify and/or secure and/or pre-fund it. Notwithstanding anything to the contrary in this Deed or any other Transaction Documents, the Security Trustee will in all circumstances, subject in all cases to it being indemnified and/or secured and/or prefunded to its satisfaction and subject as provided in Clause 8.3 below act solely in accordance with the written directions of the Note Trustee in respect of all other powers, trusts, discretions, rights, authorities, and duties of the Security Trustee (together, the **Trustee Rights**) in respect of all Trustee Rights, in accordance with the written directions.
- 8.2 For the avoidance of doubt, the Security Trustee shall take no action (other than with respect to any Security Trustee Reserved Matters) in relation to the Trustee Rights unless it has received written directions in accordance with the relevant Transaction Documents from the Note Trustee and shall not be bound to enquire as to the efficacy of such directions nor incur any Liabilities to any person for the consequences of acting in accordance therewith. Other than in respect to the matters specified in Clause 8.3 below, the Security Trustee shall be acting in a purely mechanical and administrative capacity, in that it shall be following written directions given by the Note Trustee and shall not be entitled to exercise any discretion.
- 8.3 Notwithstanding anything to the contrary in the relevant Conditions or any other Transaction Documents, the Security Trustee is entitled to exercise unfettered discretion in relation to any matter which relates to a Trustee Reserved Matter.

9. THE SECURITY TRUSTEE'S POWERS

9.1 Prior notification

The Security Trustee shall, if reasonably practicable, give prior notification to the Seller of the Security Trustee's intention to enforce the Security created by this Deed, *provided always*, that the failure of the Security Trustee to provide such notification shall not prejudice the ability of the Security Trustee to enforce the Security created by this Deed

9.2 Enforceable

Without prejudice to the provisions of Clauses 9.5 (Law of Property Act 1925) and 10.1 (Appointment) and the 1881 Act (i) the Security created under this Deed shall become immediately enforceable and (ii) the power of sale and other powers conferred by Section 101 of the 1925 Act as varied or amended by this Deed, shall, in accordance with this Clause 9 be exercisable by the Security Trustee and (iii) the Issuer shall be deemed to be in default within the meaning of Standard Condition 9(1)(b) of Schedule 3 to the 1970 Act, in each case at any time following the service of a Note Acceleration Notice (which has not been withdrawn) or, if there are no Notes outstanding, following a default in payment of any other Secured Obligations on its due date. Without prejudice to the effectiveness of any service of the Note Acceleration Notice or the obligation to deliver the same in accordance with Condition 8 (Events of Default) of the Class A1P Conditions, Condition 9 (Events of Default) of the Class A2 Conditions, Condition 8 (Events of Default) of the Class Z Conditions and Condition 8 (Events of Default) of the Class A1R Conditions, as applicable, the Security Trustee shall deliver a copy of any Note Acceleration Notice (which has not been withdrawn) to each of the Secured Creditors and the Rating Agencies

9.3 Amounts due

Notwithstanding any other provision of this Deed, all amounts under the Secured Obligations shall become due for the purposes of Section 101 of the 1925 Act and the statutory powers of sale and appointment of a Receiver which are conferred on the Security Trustee under the 1925 Act (as varied or extended by this Deed) only (and for no other purpose) and all other powers shall be deemed to arise immediately after execution of this Deed but shall only become enforceable in accordance with Clause 9.2 (Enforceable) above

9.4 Power of sale

Sections 93 and 103 of the 1925 Act shall not apply in relation to any of the charges contained in this Deed or to the exercise by the Security Trustee of its right to consolidate all or any of the Security with any other security in existence at any time or to its power of sale, which powers may be exercised by the Security Trustee without notice to the Issuer at the time, or at any time after, the Security has become enforceable and at any time after the service of a Note Acceleration Notice (which has not been withdrawn)

- (a) the statutory power of sale (as extended by this Deed) and all other powers shall be immediately exercisable (without the restrictions contained in the 1925 Act), and
- (b) the Issuer shall be deemed to be in default within the meaning of Condition 9(1)(b) of Schedule 3 of the 1970 Act

9.5 Law of Property Act 1925

- (a) The statutory powers of leasing conferred on the Security Trustee are extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee may think fit and without the need to comply with any provision of Section 99 or 100 of the 1925 Act

- (b) The provisions of the 1925 Act relating to the power of sale and the other powers conferred by Section 101(1) and (2) of the 1925 Act, are hereby extended in relation to the Issuer (as if such extensions were contained therein) to authorise the Security Trustee at its absolute discretion at any time following the service of a Note Acceleration Notice (which has not been withdrawn) and subject to the Security Trustee being satisfied as to the indemnification and/or security and/or prefunding available to it in relation to the exercise of such powers
 - (i) to make demand in the name of the Secured Creditors or in its own right for any monies and liabilities in respect of the Charged Assets, and
 - (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 10.6 (Powers) as if each of them was expressly conferred on the Security Trustee by this Deed

9.6 Delegation to Receiver

In addition and without prejudice to any of its statutory powers, the Security Trustee may at any time by deed delegate to the Receiver all or any of the extended powers of leasing, surrendering or accepting surrenders of leases conferred on the Security Trustee by this Deed

9.7 Additional powers

The Security Trustee shall have the power to insure against any liabilities or obligations arising

- (a) as a result of the Security Trustee acting or failing to act in a certain way (other than which may arise from its fraud, gross negligence or wilful default or that of its officers or employees),
- (b) as a result of any act or failure to act by any person or persons to whom the Security Trustee has delegated any of its trusts, rights, powers, duties, authorities or discretions, or appointed as its agent (other than which may arise from such person's fraud, gross negligence or wilful default),
- (c) in connection with the Charged Assets, or
- (d) in connection with or arising from the enforcement of the Security created by this Deed

The Security Trustee shall not be under any obligation to insure in respect of such liabilities and/or obligations or to require any other person to maintain or monitor the adequacy of any such insurance (and the Security Trustee shall not be responsible for any Liability or inconvenience suffered by any person as a result of the lack of or inadequacy of any such insurance), but to the extent that it does so insure, the Issuer shall quarterly and on written request pay all insurance premiums and expenses which the Security Trustee may properly incur in relation to such insurance. If the Issuer fails to reimburse the Security Trustee, the Security Trustee shall be entitled to be indemnified out of the Charged Assets in respect thereof and, in the case of a Note Acceleration Notice having been served (which has not been withdrawn), the indemnification of all such insurance premiums and expenses shall be payable in priority to payments to the Noteholders and all other Secured Creditors and otherwise in accordance with this Deed

9.8 Application to Court

The Security Trustee may at any time after the service of a Note Acceleration Notice (which has not been withdrawn) apply to the Court for an order that the powers and trusts of this Deed be exercised or carried into execution under the direction of the Court and for the appointment of a Receiver of

the Charged Assets or any part thereof and for any other order in relation to the execution and administration of the powers and trusts hereof as the Security Trustee shall deem expedient, and it may assent to or approve any application to the Court made at the instance of any of the Noteholders and/or the Secured Creditors

9.9 Authorised Investments

Any monies which under the trusts of this Deed ought to or may be invested by the Security Trustee after the service of a Note Acceleration Notice (which has not been withdrawn) may be invested in the name or under the control of the Security Trustee in any Authorised Investments and the Security Trustee may at any time vary or transfer any of such Authorised Investments for or into other such Authorised Investments as the Security Trustee at its absolute discretion may determine, and shall not be responsible (save where any loss results from the Security Trustee's fraud, gross negligence or wilful default or that of its officers or employees) for any loss occasioned by reason of any such investments whether by depreciation in value or otherwise, *provided, that* such Authorised Investments were made in accordance with the foregoing provisions

9.10 Deficiency or additional payment

The Security Trustee shall have no responsibility whatsoever to any Secured Creditor as regards any deficiency or additional payment, as the case may be, which might arise because the Security Trustee is subject to any stamp, issue, registration, documentary and other fees, duties and taxes, including interest and penalties in respect of the Charged Assets or any part thereof or any income therefrom or any proceeds thereof or is required to make any withholding or deduction from any payment to any Secured Creditor

9.11 Scottish Trust Property

The Seller and the Issuer hereby covenant and agree and undertake that if at any time after the Security constituted by or pursuant to this Deed shall have become enforceable and the Security Trustee or any Receiver shall so require, they will join together in directing the Seller or the Servicer on its behalf to sell or dispose of all or any part of the relevant Scottish Trust Property on terms previously approved by the Security Trustee or any Receiver and/or in causing the trusts constituted by each Scottish Declaration of Trust to which they are a party to be wound up and/or performed and they will use all reasonable endeavours to take all actions and execute all such documents as may be necessary to effect such sale or disposal or winding up or performance and the distribution or transfer of the relevant Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust to which they are a party and this Deed. The Seller and the Issuer hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust to which they are a party

10. RECEIVER

10.1 Appointment

- (a) Except as provided below, at any time following the service of a Note Acceleration Notice (which has not been withdrawn), the Security Trustee may, at its absolute discretion, appoint, by writing or by deed, such person or persons (including an officer or officers of the Security Trustee) as the Security Trustee thinks fit, to be Receiver, of the Charged Assets or any part thereof and, in the case of an appointment of more than one person, to act together or independently of the other or others

- (b) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a receiver (including under section 109(1) of the 1925 Act) does not apply to this Deed
- (c) The Security Trustee is not entitled to appoint a Receiver solely as a result of
 - (i) obtaining a moratorium, or
 - (ii) anything done with a view to obtaining a moratorium under the Insolvency Act 2000 except with leave of the court
- (d) No delay or waiver of the right to exercise the power to appoint a Receiver shall prejudice the future exercise of such power

10.2 Removal and replacement

Except as otherwise required by statute, the Security Trustee may (subject to Section 45 of the Insolvency Act) by writing or by deed remove a Receiver and appoint another in its place or appoint another to act with a Receiver and the Security Trustee may apply to the court for an order removing an administrative receiver

10.3 Extent of appointment

The exclusion of any part of the Charged Assets from the appointment of the Receiver shall not preclude the Security Trustee from subsequently extending its appointment (or that of the Receiver replacing it) to that part of the Charged Assets or appointing another Receiver over any other part of the Charged Assets

10.4 Agent of the Issuer

The Receiver shall be the agent of the Issuer and the Issuer alone shall be responsible for the Receiver's contracts, engagements, acts, omissions, misconduct, negligence or default and for liabilities incurred by him and in no circumstances whatsoever shall the Security Trustee or the Secured Creditors be in any way responsible for or incur any liability in connection with his contracts, engagements, acts, omissions, misconduct, negligence or default, and if a liquidator of the Issuer shall be appointed, the Receiver shall act as principal and not as agent for the Security Trustee. Notwithstanding the generality of the foregoing, such Receiver shall in the exercise of his powers, authorities and discretions conform to the regulations (if any) from time to time made and given in writing by the Security Trustee

10.5 Remuneration

The remuneration of the Receiver shall be fixed by the Security Trustee and may be or include a commission calculated by reference to the gross amount of all monies received or otherwise and may include remuneration in connection with claims, actions or proceedings made or brought against the Receiver by the Issuer or any other person or the performance or discharge of any obligation imposed upon him by statute or otherwise, but subject to Clause 7.2 (Post-Enforcement Priority of Payments), such remuneration shall be payable hereunder by the Issuer alone. The amount of such remuneration shall be paid in accordance with the terms and conditions and in the manner agreed from time to time between the Receiver and the Security Trustee

10.6 Powers

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law, this includes (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act, and (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the 1925 Act and the Insolvency Act
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver
- (c) The Receiver of the Issuer, in addition to any powers conferred on a receiver by statute or common law, shall have the following powers
 - (i) to take possession of, get in and collect the Charged Assets (or such part thereof in respect of which it may be appointed) or any part thereof including income whether accrued before or after the date of his appointment,
 - (ii) to carry on, manage, concur in or authorise the management of, or appoint a manager of, the whole or any part of the business of the Issuer,
 - (iii) to sell, exchange, license, surrender, release, disclaim, abandon, return or otherwise dispose of or in any way whatsoever deal with the Charged Assets or any interest in the Charged Assets or any part thereof for such consideration (if any) and upon such terms (including by deferred payment or payment by instalments) as it may think fit and to concur in any such transaction,
 - (iv) to sell or concur in selling the whole or any part of the Issuer's business whether as a going concern or otherwise,
 - (v) to appoint, engage, dismiss or vary the terms of employment of any employees, officers, managers, agents and advisers of the Issuer upon such terms as to remuneration and otherwise and for such periods as he may determine,
 - (vi) to insure, protect, maintain, repair, alter, improve, replace, exploit, add to and develop or concur in so doing, the Charged Assets or any part thereof in any manner and for any purpose whatsoever,
 - (vii) in connection with the exercise or the proposed exercise of any of its powers or in order to obtain payment of its remuneration (whether or not it is already payable), to borrow or raise money from any person without security or on the security of any of the Charged Assets and generally in such manner and on such terms as it may think fit;
 - (viii) to bring, defend, submit to arbitration, negotiate, compromise, abandon and settle any claims, disputes and proceedings concerning the Charged Assets or any part thereof,
 - (ix) to transfer all or any of the Charged Assets and/or any of the liabilities of the Issuer to any other company or body corporate, whether or not formed or acquired for the purpose and to form a subsidiary or subsidiaries of the Issuer,

- (x) to call up or require the directors of the Issuer to call up all or any portion of the uncalled capital for the time being of the Issuer and to enforce payment of any call by action (in the name of the Issuer or the Receiver as may be thought fit),
- (xi) to redeem, discharge or compromise any Encumbrance from time to time having priority to or ranking *pari passu* with this Deed,
- (xii) to effect or maintain indemnity insurance and other insurance (including without limitation the Insurance Policies) and obtain bonds and performance guarantees,
- (xiii) in connection with the exercise of any of its powers, to execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Issuer or otherwise, as it may think fit, all documents, receipts, registrations, acts or things which it may consider appropriate,
- (xiv) to exercise any powers, discretions, voting, conversion or other rights or entitlements in relation to any of the Charged Assets or incidental to the ownership of or rights in or to any of the Charged Assets and to complete or effect any transaction entered into by the Issuer and complete, disclaim, abandon or modify all or any of the outstanding contracts or arrangements of the Issuer relating to or affecting the Charged Assets,
- (xv) to exercise all powers as are described in Schedule 1 to the Insolvency Act or the 1970 Act (if appropriate), whether or not the Receiver is an "administrative receiver" as defined in the Insolvency Act,
- (xvi) to delegate its powers by way of power of attorney, or in any other manner to any person, any right, power or discretion exercisable by it under this Deed on the terms (including the power to sub-delegate) and subject to any regulations which such Receiver may think fit and such Receiver shall not be liable or responsible in any way to the Issuer or the Security Trustee for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate,
- (xvii) generally to carry out, or cause or authorise to be carried out, any transaction, scheme or arrangement whatsoever, whether similar or not to any of the foregoing, in relation to the Charged Assets which it may consider expedient as effectually as if he were solely and absolutely entitled to the Charged Assets,
- (xviii) in addition
 - (A) to do all other acts and things which it may consider desirable or necessary for realising any Charged Assets or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed, and
 - (B) to exercise in relation to any Charged Assets all the powers, authorities and things which it would be capable of exercising if he were the absolute beneficial owner of the same,
- (xix) and may use the name of the Issuer for any of the above purposes, and
- (xx) to pay and discharge out of the profits and income of the relevant Charged Assets and the monies to be made by it in carrying on the business of the Issuer the

expenses incurred in and about the carrying on and management of the business or in the exercise of any of the powers conferred by this Clause 10 6 or otherwise in respect of such Charged Assets and all outgoings which it shall think fit to pay and to apply the residue of the said profits, income or monies in the manner provided by Clause 7 2 (Post-Enforcement Priority of Payments) hereof

The Security Trustee may pay over to the Receiver any monies constituting part of the Charged Assets to the extent that the same may be applied for the purposes referred to in Clause 7 2 (Post-Enforcement Priority of Payments) by such Receiver and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver

10.7 Appointment of administrator

Upon application being made to a court of competent jurisdiction for an administration order or the service of a notice of intention to appoint an administrator or the filing of documents with the court for the appointment of an administrator in relation to the Issuer or other order having substantially the same effect to be made on application by a creditor or creditors of the Issuer, the Security Trustee shall, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, as soon as practicable appoint a Receiver in accordance with this Deed (who shall, to the extent permitted by law, be an "administrative receiver" under Section 29(2) of the Insolvency Act) of the whole of the Charged Assets and, in the case of any application to the court or petition the Security Trustee shall instruct the Receiver to attend at the hearing of the application or petition and take such steps as are necessary to prevent the appointment of an administrator. The Secured Creditors shall co-operate and do all acts and enter into such further documents, deeds or agreements as the Security Trustee may deem necessary or desirable to ensure that an administration order is not made or that an administrator is not otherwise appointed and that an administrative receiver is appointed

11. PROTECTION OF THIRD PARTIES

11.1 Enquiry

No purchaser from, or other person dealing with, the Security Trustee or a Receiver shall be concerned to enquire whether any of the powers exercised or purported to be exercised has arisen or become exercisable, whether the Secured Obligations remain outstanding or have become payable, whether the Receiver is authorised to act or as to the propriety or validity of the exercise or purported exercise of any power, and the title of such a purchaser and the position of such a person shall not be impeachable by reference to any of those matters and the protections contained in Sections 104 to 107 of the 1925 Act shall apply to any person purchasing from or dealing with a Receiver or the Security Trustee or Section 2(3) of the Insolvency Act to any person dealing with an administrative receiver

11.2 Receipts

The receipt of the Security Trustee or the Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Security Trustee or the Receiver

12. PROTECTION OF SECURITY TRUSTEE AND RECEIVER

12.1 Liability

Subject to sections 750 and 751 of the Companies Act 2006 (if applicable), neither the Security Trustee nor the Receiver of the Issuer shall be liable to the Issuer or any other person in the absence

of fraud, gross negligence or wilful default on their part or that of their officers, employees or agents in respect of any Liability which arises out of the exercise or the attempted or purported exercise of or failure to exercise any of their respective powers

12.2 Possession

Without prejudice to the generality of Clause 12.3 (Mortgagee in possession), entry into possession of the Charged Assets of the Issuer shall not render the Security Trustee or the Receiver of that company liable to account as mortgagee or heritable creditor in possession. If and whenever the Security Trustee or the Receiver enters into possession of the Charged Assets, it shall be entitled at any time to go out of such possession.

12.3 Mortgagee in possession

Neither the Security Trustee, the Receiver nor the Secured Creditors shall, by reason of any assignment or other Security made under this Deed, be or be deemed to be a mortgagee in possession or heritable creditor nor shall they take any action (other than, in the case of the Secured Creditors, with the Security Trustee's prior written consent) which would be likely to lead to the Secured Creditors, the Receiver or the Security Trustee becoming a mortgagee in possession or heritable creditor in respect of any property referred to in this Deed. The Security Trustee, in its absolute discretion, may at any time, serve a written notice on the Secured Creditors requiring the Secured Creditors from the date such notice is served to obtain the Security Trustee's prior written consent before taking any action which would be likely to lead to the Secured Creditors or the Security Trustee becoming a mortgagee in possession or heritable creditor in respect of any property referred to in this Deed.

13. PROTECTION OF SECURITY

The Issuer further covenants with and undertakes to the Security Trustee from time to time (and, for the purposes mentioned in paragraph (a) below, notwithstanding that the Note Acceleration Notice may not have been served) upon demand to execute, at the Issuer's own cost any document or do any act or thing (other than any amendment hereto) which the Security Trustee may specify

- (a) with a view to registering or perfecting any charge or other Security created or intended to be created by or pursuant to this Deed (including the perfecting of the conversion of any floating charge to a fixed charge pursuant to Clause 14.1 (Notice) or 14.2 (Automatic crystallisation)), or
- (b) with a view to facilitating the exercise or the proposed exercise of any of their powers or the realisation of any of the Charged Assets, or
- (c) with a view to protecting the Encumbrances created by or pursuant to this Deed,

provided, that the Issuer shall not be obliged to execute any further documentation or take any other action or steps to the extent that it would breach a restriction in any such agreement to which it is a party relating to assignment, transferring, charging or sharing of possession/rights of such benefit

14. CRYSTALLISATION

14.1 Notice

In addition and without prejudice to any other event resulting in a crystallisation of the floating charge created by this Deed or any other right the Security Trustee may have, the Security Trustee may, at any time, if

- (a) any Event of Default is subsisting and has not been waived, or
- (b) the Security Trustee reasonably believes that the Charged Assets or any part thereof is in danger of being seized or sold under any form of distress, attachment, diligence, or execution levied or threatened or is otherwise in jeopardy or imperilled or any circumstance shall occur which in the reasonable opinion of the Security Trustee, imperils or will imperil the Security created by this Deed or the Issuer takes or threatens to take any action that would be prejudicial to the Security or would be inconsistent with the Security created hereby,

by notice in writing to the Issuer declare that the floating charge hereby created shall be converted into a first specific fixed charge as to all of the undertaking, property and assets or such of them as may be specified in the notice, and by way of further assurance, the Issuer, at its own expense, shall execute all documents in such form as the Security Trustee shall require and shall deliver to the Security Trustee all conveyances, deeds, certificates and documents which may be necessary to perfect or, in respect of Scottish assets, to create and perfect, such first specific fixed charge or first ranking fixed security

14.2 Automatic crystallisation

Subject as set out below, in addition and without prejudice to any other event resulting in a crystallisation of the floating charge, the floating charge contained herein shall automatically be converted into a fixed charge over all property, assets or undertaking of the Issuer subject to the floating charge and, in the case of property, assets or undertaking situated in Scotland or which are governed by Scottish law, only to the extent that such conversion would be legally effective in Scotland, if and when

- (a) upon service of a Note Acceleration Notice on the Issuer,
- (b) the Issuer ceases to carry on all or a substantial part of its business or ceases to be a going concern or thereafter to do any of the foregoing,
- (c) the Issuer stops making payments to its creditors or gives notice to creditors that it intends to stop payment,
- (d) the holder of any other Encumbrance in relation to the Issuer, whether ranking in priority to or *pari passu* with or after the charges contained in this Deed, appoints a Receiver, or
- (e) any floating charge granted by the Issuer to any other person (whether permitted by the Transaction Documents or not) crystallises for any reason whatsoever

The floating charge created by Clause 3 8 (Floating charge) above may not be converted into a fixed charge solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with leave of the Court

14.3 Failure of petition for administration or winding-up

If any petition for the administration or winding-up of the Issuer or filing of documents with the court for the administration or service of a notice of intention to appoint an administrator in relation to the Issuer is dismissed or withdrawn or a resolution for winding-up the Issuer is not passed by the necessary majority, then without prejudice to any rights exercisable otherwise than in consequence of the presentation of such petition or the filing of documents or the service of a notice or resolution and subject to anything done in the meantime in pursuance of the powers given by this Deed and subject to the provisions contained in this Deed as to costs charges and expenses incurred and

payments made, possession of the Charged Assets will be restored to the Issuer, and the Issuer and all persons concerned will be remitted to their original rights, *provided, that* the Security Trustee is satisfied that its security position at that time is not materially different to that as at the date of this Deed

15. POWER OF ATTORNEY

Immediately upon execution of this Deed, the Issuer shall execute and deliver to the Security Trustee the power of attorney in or substantially in the form set out in Schedule 1 (Power of Attorney)

16. OTHER SECURITY, ETC.

16.1 No merger

The charges or other Security Interests contained in or created pursuant to this Deed are in addition to, and shall neither be merged in, nor in any way exclude or prejudice any other Encumbrance, right of recourse, set-off or other right whatsoever which the Security Trustee or any Secured Creditor may now or at any time hereafter hold or have (or would apart from this Deed or any charge contained or created pursuant to this Deed hold or have) as regards the Issuer or any other person in respect of the Secured Obligations, and neither the Security Trustee nor any Secured Creditor shall be under any obligation to take any steps to call in or to enforce any Security for the Secured Obligations, and shall not be liable to the Issuer for any loss arising from any omission on the part of the Security Trustee or any Secured Creditor to take any such steps or for the manner in which the Security Trustee or any Secured Creditor shall enforce or refrain from enforcing any such Security

16.2 Consolidation

Section 93 of the 1925 Act and Section 17 of the 1881 Act shall not apply in relation to any of the charges contained in this Deed

16.3 Ruling off

- (a) If the Security Trustee receives notice of any Encumbrance affecting the Charged Assets in contravention of the provisions hereof
- (b) the Security Trustee may open a new account in respect of the Issuer and, if it does not, it shall nevertheless be deemed to have done so at the time it received such notice, and
- (c) all payments made by the Issuer to the Security Trustee after the Security Trustee receives such notice shall be credited or deemed to have been credited to the new account, and in no circumstances whatsoever shall operate to reduce the Secured Obligations as at the time the Security Trustee received such notice

16.4 Change of name, etc.

This Deed shall remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Security Trustee or the Issuer or any amalgamation or consolidation by the Security Trustee or the Issuer with any other corporation (whether, in the case of the Issuer, permitted by the Transaction Documents or not)

17. AVOIDANCE OF PAYMENTS

17.1 No release

No assurance, security or payment which may be avoided or adjusted under the law, including under any enactment relating to bankruptcy or insolvency and no release, settlement or discharge given or made by the Security Trustee or any Secured Creditor on the faith of any such assurance, security or payment, shall prejudice or affect the right of the Security Trustee or any Secured Creditor to recover the Secured Obligations from the Issuer (including any monies which it may be compelled to pay or refund under the provisions of the Insolvency Act and any costs payable by it pursuant to or otherwise incurred in connection therewith) or to enforce the charges or other Security contained in this Deed to the full extent of the Secured Obligations

17.2 Retention of charges

If the Security Trustee shall have reasonable grounds for believing that the Issuer may be insolvent or deemed to be insolvent pursuant to the provisions of the Insolvency Act (and production of a solvency certificate of a duly authorised officer of the Issuer shall be *prima facie* evidence of the solvency of the relevant company) at the date of any payment made by the Issuer to the Security Trustee and that as a result, such payment may be capable of being avoided or clawed back, the Security Trustee shall be at liberty to retain the charges or other Security contained in or created pursuant to this Deed until the expiry of a period of one month plus such statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Security Trustee on, or as a consequence of, such payment or discharge of liability, *provided, that* if at any time within such period, a petition shall be presented to a competent court for an order for the winding up or the making of an administration order or documents shall be filed with the court for the appointment of an administrator or formal notice shall be given of an intention to appoint an administrator in respect of the Issuer or the Issuer shall commence to be wound up or to go into administration or any analogous proceedings shall be commenced by or against the Issuer, the Security Trustee shall be at liberty to continue to retain such security for such further period as the Security Trustee may determine and such security shall be deemed to continue to have been held as security for the payment and discharge to the Security Trustee of all Secured Obligations

18. SET-OFF

The Security Trustee may at any time following the service of a Note Acceleration Notice which has not been withdrawn (without notice and notwithstanding any settlement of account or other matter whatsoever) combine or consolidate all or any existing accounts of the Issuer whether in its own name or jointly with others and held by it or any Secured Creditor and may set off or transfer all or any part of any credit balance or any sum standing to the credit of any such account (whether or not the same is due to the Issuer from the Security Trustee or relevant Secured Creditor and whether or not the credit balance and the account in debit or the Secured Obligations are expressed in the same currency in which case the Security Trustee is hereby authorised to effect any necessary conversions at its prevailing rates of exchange) in or towards satisfaction of any of the Secured Obligations and may in its absolute discretion estimate the amount of any liability of the Issuer which is contingent or unascertained and thereafter set off such estimated amount and no amount shall be payable by the Security Trustee to the Issuer unless and until all Secured Obligations have been ascertained and fully repaid or discharged

19. EXECUTION OF DOCUMENTS

Any document required to be executed as a deed by the Security Trustee under or in connection with this Deed shall be validly executed if executed as a deed by a duly authorised attorney of the Security Trustee

20. EXERCISE OF CERTAIN RIGHTS

20.1 No enforcement by Secured Creditors

Each of the Secured Creditors (other than the Security Trustee, the Noteholders, and the Note Trustee acting on behalf of the Noteholders who may only take action permitted pursuant to the Trust Deed) hereby agrees with the Issuer and the Security Trustee that

- (a) only the Security Trustee may enforce the Security created in favour of the Security Trustee by this Deed in accordance with the provisions hereof, and
- (b) it shall not take any steps for the purpose of recovering any of the Secured Obligations (including, without limitation, by exercise of any rights of set off) or enforcing any rights arising out of the Transaction Documents against the Issuer or procuring the winding up, administration (including, for the avoidance of doubt, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or liquidation of the Issuer in respect of any of its liabilities whatsoever,

unless a Note Acceleration Notice shall have been served (which has not been withdrawn) or the Note Trustee, having become bound to serve a Note Acceleration Notice, and/or the Security Trustee having become bound to take any steps or proceedings to enforce the said Security pursuant to this Deed, in either case fails to do so within thirty (30) days of becoming so bound and that failure is continuing (in which case, each of such Secured Creditors shall be entitled to take any such steps and proceedings as it shall deem necessary other than the presentation of a petition for the winding up of, or for an administration order in respect of, the Issuer or the filing of documents with the court or the service of a notice of intention to appoint an administrator in relation to the Issuer)

20.2 Limited recourse

- (a) Each of the Secured Creditors agrees that, notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to each such Secured Creditor are limited in recourse to the Charged Assets If
 - (i) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash,
 - (ii) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of this Deed, and
 - (iii) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of this Deed, amounts outstanding in respect of the Secured Obligations,

then the Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease

- (b) The provisions of this Clause 20.2 shall survive the termination of this Deed

20.3 Discretionary enforcement

Subject to the provisions of this Deed, the Security Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against, or in relation to, the Issuer or any other person to enforce their respective obligations under any of the Transaction Documents. Subject to the provisions of this Deed, at any time after the Security has become enforceable, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce such Security.

20.4 Mandatory enforcement

- (a) Subject to paragraph (b) below, Clause 8 (Action, Proceedings and Indemnification) and Clause 10.7 (Appointment of administrator), the Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights and/or to take any other action under or in connection with any of the Transaction Documents (including, without limitation, enforcing the Security and/or lodging an appeal in any proceedings) unless the Security Trustee is directed to do so by the Note Trustee, *provided that* the Security Trustee may at all times, whether or not so directed, take such action in respect of any right, power or discretion which is personal to the Security Trustee or is to preserve or protect the Security Trustee's position or is of a purely administrative nature.
- (b) Upon being directed in accordance with paragraph (a) above, the Security Trustee will be bound to take the relevant action(s) in the manner instructed by the Note Trustee, *provided that* the Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and the terms of such indemnity may include the provision of a fighting fund, non-recourse loan or other similar arrangement, for this purpose, the Security Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it.
- (c) The Security Trustee shall not be liable to any Secured Creditor or to the Issuer for any action it may take in accordance with any instructions received pursuant to paragraph (a) above. The Security Trustee shall be entitled to seek clarification from the Note Trustee with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from the Note Trustee.
- (d) The Security Trustee hereby acknowledges that the Note Trustee acts as directed pursuant to the Trust Deed in providing instructions under this Deed and the Trust Deed.

20.5 Disposal of Charged Assets

Notwithstanding Clause 9 (The Security Trustee's powers), if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of any of the Charged Assets unless either (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders (and all persons ranking in priority) or (ii) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the

Priorities of Payments) The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer

21. COVENANTS AND WARRANTIES

21.1 Warranties

- (a) The Issuer warrants to the Security Trustee that it has taken all necessary steps to enable it to charge or assign as Security the Charged Assets in accordance with Clause 3 (Security and Declaration of Trust), and that it has taken no action or steps to prejudice its right, title and interest in and to the Charged Assets
- (b) The Issuer warrants to the Security Trustee (on behalf of the Secured Creditors) as at the date of this Deed that
 - (i) it is duly incorporated in England and Wales with limited liability and with full power and authority to own its property and assets and conduct its business and is resident for tax purposes solely in, and has its usual place of abode in, the United Kingdom and will not be treated as resident outside the United Kingdom by virtue of the application of section 18 of the Corporation Tax Act 2009,
 - (ii) it has obtained and maintained in effect all authorisations, approvals, licences and consents required in connection with its business and the consummation of the transactions contemplated by the Transaction Documents to which it is a party pursuant to any requirement of law or any Regulatory Direction applicable to the Issuer in each other jurisdiction in which the Issuer carries on business,
 - (iii) it has the requisite power and authority to enter into this Deed and to undertake and perform the obligations expressed to be assumed by it therein,
 - (iv) all acts, conditions and things required to be done, fulfilled and performed in order to enable it lawfully to enter into this Deed, to exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Deed, are legal, valid, binding and enforceable against it and to make this Deed admissible in evidence in England and Wales and (where applicable) Scotland have been done, fulfilled and performed and are in full force and effect or, as the case may be, have been effected, and no steps have been taken to challenge, revoke or cancel any such authorisation obtained or effected, and
 - (v) the entry by it into and the execution (and, where appropriate, delivery) of this Deed and the performance by the Issuer of its obligations under this Deed does not and will not conflict with or constitute a breach or infringement by the Issuer of its Memorandum and Articles of Association or any requirement of law or any Regulatory Direction or any other agreement to which the Issuer is a party or which is binding on it or any of its assets,
- (c) the Issuer warrants that it does not hold, and has not at any time held any capital assets and will not at any time hold any assets other than the Portfolio save to the extent reasonably incidental to the activities envisaged by the Transaction Documents,
- (d) the obligations expressed to be assumed by the Issuer under this Deed are legal and valid obligations, binding on it and enforceable against it in accordance with their terms except

- (i) as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws affecting the enforcement of the rights of creditors generally,
 - (ii) as such enforceability may be limited by the effect of general principles of equity, and
 - (iii) obligations relating to stamp duties may be void by virtue of Section 117 of the Stamp Act 1891,
- (e) the Issuer represents that it does not have, and has not had since the date of its incorporation, a source of income prior to the Closing Date,
 - (f) the Issuer warrants that this Deed creates the Security it purports to create and such Security is not liable to be avoided or otherwise set aside upon an occurrence of or in relation to an Insolvency Event in respect of the Issuer, and
 - (g) the Issuer represents that prior to the Closing Date it is not, and is not liable to be, registered (or part of any registration) for VAT

21.2 Negative covenants

So long as any of the Secured Obligations remain outstanding, the Issuer shall not, save to the extent permitted by or provided for in the Transaction Documents or with the prior written consent of the Security Trustee

- (a) create or permit to subsist any mortgage, standard security, assignment, assignation, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law) upon the whole or any part of its assets (including any uncalled capital) or its undertaking, present or future,
- (b)
 - (i) carry on any trade or business or any other activities other than as contemplated by the Transaction Documents and the related activities described therein, or
 - (ii) hold (and confirms it has not held) any shares or other interest in any company (including but not limited to an interest in the capital, income or voting rights in any company) nor have any employees (but shall procure that, at all times, it shall retain at least one Independent Director) or premises,
- (c) transfer, sell, assign, lend, part with, declare a trust over, create a beneficial interest in or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein or thereto or agree or attempts or purport to do so,
- (d) make any other distributions other than as contemplated by the Transaction Documents,
- (e) pay any dividend or make any other distribution to its shareholder other than out of its after Tax profit and net of any applicable taxes (if any) payable by the Issuer in relation to such dividend or distribution nor shall it issue any further shares,
- (f) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person,

- (g) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person,
- (h) permit any of the Transaction Documents to become invalid or ineffective, or the priority of the Security Interests created thereby to be reduced, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents, or permit any party to any of the Transaction Documents or any other person whose obligations form part of the Charged Assets to be released from its respective obligations,
- (i) have an interest in any bank account other than the Bank Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee,
- (j) become or be a party to any transaction for the purposes of securing a tax advantage within the meaning of section 1139 of the Corporation Tax Act 2010 for itself or any other person,
- (k) do any act or thing the effect of which would be to make the Issuer resident for tax purposes in any jurisdiction other than the United Kingdom,
- (l) permit any person other than the Issuer and the Security Trustee to have any equitable interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein, or
- (m) purchase or otherwise acquire any Note or Notes (other than pursuant to the relevant Conditions)

21.3 Positive covenants

The Issuer covenants and undertakes with the Security Trustee for the benefit of the Secured Creditors as follows

- (a) at all times to carry on and conduct its affairs in a proper and efficient manner and in accordance with its constitutive documents and all laws and regulation applicable to it,
- (b) to give to the Security Trustee within a reasonable time after request such information and evidence as it shall reasonably require and in such form as it shall reasonably require, including without prejudice to the generality of the foregoing the procurement by the Issuer of all such certificates called for by the Security Trustee pursuant to this Deed or any other Transaction Document for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or any other Transaction Document to which the Security Trustee is a party or by operation of law,
- (c) to cause to be prepared and certified by its Auditors in respect of each financial year accounts in such form as will comply with relevant legal and accounting requirements for the time being,
- (d) at all times to keep or procure the keeping of proper books of account and records and allow the Security Trustee and any person or persons appointed by the Security Trustee to whom the Issuer shall have no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing, *provided, that* such inspection shall only be for the purposes of carrying out its duties under this Deed and any information so obtained shall only be used and passed on to any other person for the purpose of the Security Trustee carrying out its duties under this Deed,

- (e) to give notice in writing to the Security Trustee of the occurrence of any Event of Default, Potential Event of Default and/or service of a Note Acceleration Notice (such notice to be effective by the delivery of a copy of the Note Acceleration Notice to the Security Trustee) as soon as reasonably practicable upon becoming aware thereof and without waiting for the Security Trustee to take any further action,
- (f) give to the Security Trustee (i) within seven days after demand by the Security Trustee therefor and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial year commencing with the financial period ending 31 December 2014 and in any event not later than 180 days after the end of each such financial year a certificate signed by two directors of the Issuer to the effect that, as at a date not more than seven days before delivering such certificate (the **certification date**), to the best of the knowledge, information and belief of the Issuer, there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate the Issuer has complied, to the best of its knowledge, information and belief, with all its obligations contained in this Deed and each of the other Transaction Documents to which it is a party or (if such is not the case) specifying the respects in which it has not complied,
- (g) at all times to execute all such further documents and do all such further acts and things as may in the reasonable opinion of the Security Trustee be necessary at any time or times to give effect to the terms and conditions of this Deed and the other Transaction Documents,
- (h) at all times to comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Transaction Documents,
- (i) duly and promptly to pay and discharge all Taxes imposed upon it or its assets unless such Taxes are, in the opinion of the Security Trustee, being contested in good faith by the Issuer,
- (j) conduct its business and affairs such that, at all times, its "centre of main interests" for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 shall not be in any Member State (other than the United Kingdom) and it will not have any "establishment" (as defined in the EU Insolvency Regulation) in any Member State (other than the United Kingdom),
- (k) that, in order to enable the Security Trustee to ascertain the Principal Amount Outstanding of the Notes of each Class for any of the purposes referred to in the proviso to the definition of outstanding in the Master Definitions and Construction Schedule, the Issuer will deliver to the Security Trustee forthwith upon being so requested in writing by the Security Trustee (upon being provided with the relevant information from the Registrar) a certificate in writing signed by two directors of the Issuer setting out the total number and aggregate principal amount of Notes of each Class and which
 - (i) up to and including the date of such certificate have been purchased by the Issuer and cancelled, and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer, any holding company of any of them or any other Subsidiary of such holding company,

- (l) that it will not hold save to the extent permitted by or provided in the Transaction Documents, any capital assets,
- (m) that it is not a director of any company,
- (n) it will keep any relevant notification pursuant to the Data Protection Act current and up to date,
- (o)
 - (i) the only amounts retained by the Issuer have been and will be its profit and amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness, and
 - (ii) in respect of all amounts received by the Issuer pursuant to any Transaction Document, the Issuer has a corresponding obligation to pay out an equal amount by way of cost or expense owing to a third party less an amount equal to its profit and amounts reasonably required to provide for losses or expenses arising from its business or to maintain or enhance its creditworthiness,
- (p) that amounts credited to the Reserve Ledger are reasonably required to provide for Losses or expenses arising from its business, and
- (q) it will at all times ensure that its assets constitute "financial assets" as defined in the Securitisation Regulations

21.4 Forms MR01

The Issuer shall make a filing or shall procure that a filing is made with the Registrar of Companies of a duly completed Form MR01 in respect of itself together with an original executed copy of this Deed and each Scottish Supplemental Charge and Scottish Sub-Security within the applicable time limit

22. PROVISIONS SUPPLEMENTAL TO THE TRUSTEE ACT 1925

22.1 Powers of Security Trustee

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000 the provisions of this Deed shall constitute a restriction or exclusion for the purposes of that Act. The Security Trustee will have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows

- (a) the Security Trustee may in relation to this Deed or any of the other Transaction Documents request and act on the opinion or advice of, or a certificate or report or any information obtained from, any lawyer, banker, valuer, surveyor, securities company, broker, auctioneer, accountant, Rating Agency or other expert in the United Kingdom or elsewhere, whether obtained by the Security Trustee, any Receiver, the Issuer or any other party and shall not be responsible for any Liability occasioned by so acting,
- (b) any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, cable or e-mail and the Security Trustee will not be liable for acting on any advice, opinion or information purporting to be conveyed by any such

letter, telex, telegram, facsimile transmission, cable or e-mail, including in circumstances where the relevant communication contains one or more errors and/or is not authentic,

- (c) the Security Trustee (i) shall (save as expressly otherwise provided in this Deed or any of the other Transaction Documents) as regards all rights, powers, authorities and discretions vested in it by this Deed or any of the other Transaction Documents, or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and (ii) may at its discretion and without notice, take such proceedings and/or other steps as it may think fit against the Issuer or any other person or party to any of the Transaction Documents to enforce the provisions of the Notes and any of its rights under this Deed or any other Transaction Document in such manner as it thinks fit,
- (d) the Security Trustee shall be at liberty to hold this Deed and all deeds and other documents relating to this Deed with any bank or banking company, or lawyer or firm of lawyers believed by it to be of good repute, in any part of the world, and the Security Trustee shall not be responsible for or be required to insure against any Liability incurred in connection with any such deposit and the Issuer shall pay all sums required to be paid on account of or in respect of any such deposit,
- (e) the Security Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Security Trustee (including the receipt and payment of money) Subject to Clause 23.2 (Delegation), the Security Trustee (except where such agent is an affiliate or associated company of, the Security Trustee) shall not be responsible for any Liability incurred by reason of any misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise or monitor the proceedings or acts of any such persons,
- (f) where it is necessary or desirable for any purpose in connection with this Deed or any of the other Transaction Documents to convert any sum from one currency to another it shall (unless otherwise provided by this Deed or required by law) be converted at such rate or rates in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Security Trustee and any rate, method and date so agreed will be binding on the Issuer and the Secured Creditors,
- (g) subject to Clause 23.5 (Consent of Security Trustee), any consent or approval given by the Security Trustee for the purposes of this Deed or any of the other Transaction Documents may be given on such terms and subject to such conditions (if any) as the Security Trustee thinks fit and, notwithstanding anything to the contrary contained in this Deed or any of the other Transaction Documents, may be given retrospectively;
- (h) the Security Trustee shall be entitled to call for and be at liberty to rely upon a certificate reasonably believed by it to be genuine, of the Issuer or any other person in respect of every matter and circumstance for which a certificate is expressly provided for under this Deed or the other Transaction Documents and to call for and rely upon a certificate of the Issuer or any other person reasonably believed by it to be genuine as to (i) any other fact or matter *prima facie* within the knowledge of the Issuer or such person as sufficient evidence thereof and (ii) to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient, and the Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused by it failing to do so,
- (i) the Security Trustee shall not be responsible for acting upon any resolution in writing or resolution purporting to have been passed at any meeting of the Noteholders in respect

whereof minutes have been made and purporting to have been signed by the chairman thereof, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Noteholders,

- (j) following the listing and clearing of the A1R Note in accordance with Clause 15 (*Listing and Clearing of Class A1R Notes*) of the Variable Funding Note Issuance Deed, the Security Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg (or such other Acceptable Clearing House) as to the Principal Amount Outstanding of the Class A1R Notes standing to the account of any person and in relation to any other matter. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant Clearing System in accordance with its usual procedures and in which the holder of a particular Principal Amount Outstanding of the Class A1R Notes is clearly identified together with the amount of such holding. The Security Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by the relevant Clearing System and subsequently found to be forged or not authentic. The Security Trustee may treat the holder of any global note as the Noteholder of that Class A1R Note,
- (k) the Security Trustee shall have no responsibility for the maintenance of any rating of the Rated Notes by the Rating Agencies or any other person,
- (l) the Security Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Security Trustee assigned by the Security Trustee to administer its corporate trust matters,
- (m) no provision of this Deed or any other Transaction Document shall require the Security Trustee to do anything and the Security Trustee may refrain from doing anything which may be illegal or contrary to applicable law or regulation of any jurisdiction or any directive or regulation of any agency of any state and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers or otherwise in connection with this Deed or any other Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it shall believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it,
- (n) the Security Trustee shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be required to disclose to any Secured Creditor or any other person any information made available to the Security Trustee by the Issuer in connection with the trusts of this Deed or the other Transaction Documents and no Secured Creditor or any other person shall be entitled to take any action to obtain from the Security Trustee any such information,
- (o) the Security Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Security Trustee may determine, including for the purpose of depositing with a custodian this Deed or any documents relating to the trusts created hereunder. The Security Trustee shall not be responsible for any Liability incurred by reason of misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such persons,

- (p) unless notified to the contrary, the Security Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to Clause 21 3(k)) that no Notes (other than, prior to a Clearing Event, the Class A1R Notes) are held by, for the benefit of, or on behalf of, the Issuer, any holding company of any of them or any other Subsidiary of such holding company or any other person referred to in the proviso to the definition of outstanding,
- (q) the Security Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Note purporting to be such and subsequently found to be forged or not authentic,
- (r) the Security Trustee shall not be responsible for any loss, Liability, costs, damages, expenses or inconvenience occasioned to the Security however caused, whether by an act or omission of the Issuer or any other party to the Transaction Documents or any other person (including any bank, broker, depositary, or other intermediary or any Clearing System or operator thereof) acting in accordance with or contrary to the provisions of any Transaction Documents or otherwise and irrespective of whether the Security is held by or to the order of any such persons,
- (s) the Security Trustee shall not be under any obligation to insure any of the Security or any deeds or documents of title or other evidence in respect of the Security or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any loss, Liability, costs, damages, expenses or inconvenience which may be suffered by any person as a result of the lack of or inadequacy of any such insurance,
- (t) the Security Trustee will not be liable for any decline in value nor any loss realised upon any sale or other disposition pursuant to this Deed of, any of the Charged Assets. In particular and without limitation, the Security Trustee shall not be liable for any such decline or loss directly or indirectly arising from its acting or failing to act as a consequence of an opinion reached by it in good faith based on advice received by it in accordance with this Deed and the relevant Conditions;
- (u) the Security Trustee shall have no responsibility whatsoever to the Issuer or Secured Creditors as regards any deficiency which might arise because the Security Trustee is subject to any Tax in respect of all or any of the Charged Assets, the income therefrom or the proceeds thereof;
- (v) it is a term of the trust created in these presents, that, except where expressly provided otherwise in the Transaction Documents, any information provided to the Security Trustee under the terms of the Transaction Documents is for information purposes only and the Security Trustee will not and is not expected to routinely review or monitor such information,
- (w) in determining whether to serve a Servicer Termination Notice to terminate the Servicer's appointment following a Servicer Termination Event the Security Trustee shall be entitled to seek directions from the Controlling Class in this regard and shall not be responsible for any delays in taking action occasioned by so doing. The Security Trustee has no obligation to assume the role or responsibilities of the Servicer,
- (x) the Security Trustee shall not be responsible for.
 - (i) identifying the occurrence of a Seller Insolvency Event or a Servicer Termination Event and shall assume that no such event has occurred unless notified thereof by

the Seller in accordance with the provisions of Clause 8 4(b) of the Mortgage Sale Agreement regarding a Seller Insolvency Event, or by the Servicer pursuant to Clause 20 5 of the Servicing Agreement, regarding a Servicer Termination Event,

- (ii) serving a Servicer Termination Notice, unless notified by the Servicer or the Issuer of the circumstances entitling it to serve such notice, or
 - (iii) analysing the circumstances which have informed the Servicer or the Issuer when notifying the Security Trustee of a Servicer Termination Event,
- (y) in connection with the Security Trustee's entitlement to take action to terminate the appointment of the Servicer, the Security Trustee
 - (i) will not be responsible for carrying out the role of Servicer itself during the time the Issuer is attempting to identify such replacement Servicer or thereafter if the Issuer is unable to find such replacement, and
 - (ii) will not be required to take any action to find a replacement Servicer, and
- (z) the Security Trustee shall be entitled to assume that no event has occurred which would, under the terms of the Servicing Agreement or other Transaction Documents, lead to the replacement of the Servicer, unless it is told otherwise as specified in the Transaction Documents
- (aa) any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Deed, including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person,
- (bb) notwithstanding anything contained in this Deed, if the Security Trustee is required by law to make any deduction or withholding for or on account of Tax from any distribution or payment made by it under this Deed or if the Security Trustee is otherwise charged to, or may become liable to, Tax (other than any taxes on the Security Trustee's own net income) as a consequence of performing its duties under this Deed or the other Transaction Documents, then the Security Trustee shall make such deduction or withholding or (as the case may be) be entitled to retain out of sums received by it an amount sufficient to discharge any liability to Tax which relates to sums so received or distributed or to discharge any such other liability of the Security Trustee to Tax from the funds held by the Security Trustee on the trusts of this Deed,
- (cc) the Security Trustee shall not be responsible for any unsuitability, inadequacy or unfitness of any Charged Assets as security for the Secured Obligations and shall not be obliged to make any investigation into, and shall be entitled to assume, the suitability, adequacy and fitness of the Charged Assets as security for the Secured Obligations,
- (dd) until the delivery of an Note Acceleration Notice, the monies standing to the credit of any account comprised in the Charged Assets shall be dealt with in accordance with the provisions of the Transaction Documents and the Security Trustee shall not be responsible in such circumstances or at any other time for any Liability suffered by any person, whether by reason of depreciation in value or by fluctuation in exchange rates or otherwise,

- (ee) the Security Trustee may rely on reports and/or certificates of the Issuer's auditors and enter into letters engaging the auditors to provide such certificates or reports, notwithstanding any monetary limit on the liability of the auditors of the Issuer, and
- (ff) instructions
 - (i) subject to Clause 8.3, the Security Trustee shall be considered to be acting only in a mechanical and administrative capacity when exercising the Trustee Rights at the written direction of the Note Trustee,
 - (ii) the Security Trustee shall assume that (1) any written direction received by it from the Note Trustee is authentic and has been duly given by the Note Trustee and (2) unless it has received actual written notice that any such directions given by such parties have been revoked, no revocation of any such instruction by such parties shall affect any action taken by the Security Trustee in reliance upon such instruction or direction prior to actual receipt of the notice of revocation,
 - (iii) the Security Trustee shall not be responsible for (1) any failure to take any action, proceedings or other consequences to any other person where it has received a request of instruction to that effect or is acting in accordance with any written direction from the Note Trustee and any consequent delay in relation thereto and (2) any inability to exercise (or delay in the exercise of) any Trustee Right as a result of seeking any direction or permission from the Note Trustee,
 - (iv) the Security Trustee shall be entitled to request clarification of any instruction or direction received by it from the Note Trustee as to whether and in what manner, it should exercise or refrain from exercising any rights, powers and discretions and shall refrain from exercising any rights, powers and discretion and shall refrain from acting unless and until those instructions or clarifications are received by it and shall have no Liabilities for the consequences thereof, and
 - (v) the Security Trustee hereby acknowledges that the Note Trustee acts on direction pursuant to the Trust Deed in providing instructions under this Deed and the Trust Deed

22.2 Representations and warranties, etc.

The Security Trustee shall not be responsible for investigating any matter which is the subject of any recitals or statements or warranties or representations of any party (other than the Security Trustee) contained herein or in any other Transaction Document or any other document entered into in connection therewith and may assume the accuracy and correctness thereof and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any trust or security thereby constituted or evidenced. The Security Trustee may accept without enquiry, requisition or objection such title as they may have to the Charged Assets or any part thereof from time to time and shall not be required to investigate or make any enquiry into the title of the Issuer to the Charged Assets or any part thereof from time to time whether or not any default or failure is or was known to the Security Trustee or might be, or might have been, discovered upon examination, inquiry or investigation and whether or not capable of remedy and shall not be liable for any defect or failure in the right or title of the Issuer or any other person to all or part of the Charged Assets. Notwithstanding the generality of the foregoing, each Secured Creditor shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Security Trustee shall not

at any time have any responsibility for the same and each Secured Creditor shall not rely on the Security Trustee in respect thereof

22.3 Perfection

The Security Trustee shall not be bound to give notice to any person of the execution of this Deed nor shall it be liable for any failure, omission or defect in perfecting the Security intended to be constituted hereby including, without prejudice to the generality of the foregoing

- (a) failure to obtain any licence, consent or other authority for the execution of the same or requiring any further assurance in relation to the Security,
- (b) failure to register or file the same in accordance with the provisions of any of the documents of title of the Issuer to any of the Charged Assets or otherwise protect or perfect the Security or the priority thereof or the right or title of any person in or to the assets comprised in the Security, and
- (c) failure to effect or procure registration of or otherwise protect any of the Transaction Documents by registering the same under any registration laws in any territory, or by registering any notice, caution or other entry prescribed by or pursuant to the provisions of the said laws

22.4 Enforceability, etc.

The Security Trustee shall not be responsible for the genuineness, validity or effectiveness of any of the Transaction Documents or any other documents entered into in connection therewith or any other document or any obligations or rights created or purported to be created thereby or pursuant thereto or any Security or the priority thereof constituted or purported to be constituted by or pursuant to this Deed or any of the Transaction Documents, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court and (without prejudice to the generality of the foregoing) the Security Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for

- (a) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer;
- (b) the title, ownership, value, sufficiency, enforceability, unsuitability, inadequacy, unfitness or existence of any Charged Assets or any security (howsoever described) relating thereto as security for the Secured Obligations,
- (c) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of this Deed or any other Transaction Document comprised within the Charged Assets or any other document entered into in connection therewith,
- (d) the registration, filing, protection or perfection of any security relating to this Deed or the other Transaction Documents relating to the Charged Assets or the priority of the security thereby created whether in respect of any Initial Advance or any subsequent advance or any other sums or liabilities,
- (e) the scope or accuracy of any representations, warranties or statements made by or on behalf of the Issuer or any other person or entity who has at any time provided any Transaction

Document comprised within the Charged Assets or in any document entered into in connection therewith,

- (f) the performance or observance by the Issuer or any other person with any provisions of this Deed or any other Transaction Document comprised within the Charged Assets or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing,
- (g) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Charged Assets,
- (h) the title of the Issuer to any of the Charged Assets,
- (i) the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to this Deed or other documents entered into in connection therewith,
- (j) the failure to call for delivery of documents of title to or require any transfers, assignments, legal mortgages, charges or other further assurances in relation to any of the assets the subject matter of any of this Deed or any other document, or
- (k) any other matter or thing relating to or in any way connected with this Deed or the Charged Assets or any document entered into in connection therewith whether or not similar to the foregoing

22.5 No supervision

The Security Trustee shall be under no obligation to investigate, monitor or supervise the respective functions or performance of their respective obligations of the Account Bank under the Bank Account Agreement or the Cash Manager under the Cash Management Agreement or the Servicer under the Servicing Agreement or of any other person under or pursuant to any of the other Transaction Documents or any other agreement or document relating to the transactions herein and therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each party is properly performing and complying with its functions and obligations and shall have no Liability to any person from any Loss arising therefrom

22.6 No Liability

Subject to the provisions of Clause 22.9 (No indemnity), the Security Trustee shall not be liable or responsible for any Liability or inconvenience which may result from anything done or omitted to be done by it under this Deed or any of the other Transaction Documents

22.7 Conclusive and Binding Determinations

The Security Trustee as between itself and the Secured Creditors shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Deed and the other Transaction Documents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Security Trustee, shall be conclusive and shall bind the Security Trustee and the Secured Creditors

22.8 Use of proceeds

The Security Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes

22.9 No indemnity

None of the provisions of this Deed shall, in any case in which the Security Trustee has failed to show the degree of care and diligence required of it as security trustee of this Deed, having regard to the provisions of this Deed and any of the other Transaction Documents conferring on the Security Trustee any powers, authorities or discretions, relieve or indemnify the Security Trustee against any liability in respect of any fraud, gross negligence or wilful default of which it may be guilty in relation to its duties under this Deed

23. SUPPLEMENTAL PROVISIONS REGARDING THE SECURITY TRUSTEE

23.1 Assumption of no default

Except as herein otherwise expressly provided, the Security Trustee shall be and is hereby authorised to assume without enquiry, and it is hereby declared to be the intention of the Security Trustee that it shall assume without enquiry, that the Issuer and each of the other parties thereto is duly performing and observing all the covenants, obligations and provisions contained in this Deed and the other Transaction Documents to be performed and observed on their parts and until it has received written notice of the occurrence of a Trigger Event, Term Out Event, Event of Default or Potential Event of Default that no event has occurred which constitutes a Trigger Event, Term Out Event, Event of Default or a Potential Event of Default or which would cause a right or remedy to become exercisable, whether by the Issuer or the Security Trustee, under or in respect of any of the Transaction Documents

23.2 Delegation

The Security Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Deed or any of the other Transaction Documents, act by responsible officers or a responsible officer for the time being of the Security Trustee. The Security Trustee may also, whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons all or any of the trusts, rights, powers, duties, authorities and discretions vested in it by this Deed or any of the other Transaction Documents. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Security Trustee may in the interests of the Secured Creditors think fit, *provided that* the Security Trustee shall have exercised due care in the selection of such delegate. The Security Trustee shall not be bound to supervise the proceedings of, or be responsible for any Liability incurred by any misconduct, omission or default on the part of, such delegate or sub-delegate.

23.3 Commercial transactions

The Security Trustee shall not, and no director, officer or employee of any corporation being a trustee hereof shall, by reason of the fiduciary position of the Security Trustee, be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or Holdings or any other Subsidiary of Holdings or any other party to the Transaction Documents or from accepting the trusteeship of any stock, shares, debenture stock, debentures or securities of any such person or any other party or any person or body corporate directly or indirectly associated with the Issuer or such other party. Without prejudice to the generality of the foregoing, it is expressly declared that such contracts and transactions include any

contract or transaction in relation to the placing, underwriting, purchasing, subscribing for or dealing with or lending money upon or making payments in respect of any stock, shares, debenture stock, debentures or other securities of the Issuer or Holdings or any other Subsidiary of Holdings or any other party to the Transaction Documents or any contract of banking or insurance with the Issuer or Holdings or any other Subsidiary of Holdings or any other party to the Transaction Documents Neither the Security Trustee nor any such director or officer or employee of the Security Trustee shall be accountable to any of the Secured Creditors or the Issuer or Holdings or any other party to the Transaction Documents for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions The Security Trustee and any such director, officer or employee shall be at liberty to retain the same for its or his own benefit

23.4 Additional powers of the Security Trustee

The powers conferred by this Deed upon the Security Trustee shall be in addition to any powers which may from time to time be vested in it by general law.

23.5 Consent of Security Trustee

If a request is made to the Security Trustee by the Issuer or any other person to give its consent or approval to any event, matter or thing, then if the Transaction Document specifies that the Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied in relation to that event, matter or thing, then the Security Trustee shall give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied, *provided, that* the Security Trustee shall not consent to or approve any amendment to a Transaction Document without the prior written direction of the Note Trustee (acting in accordance with the Trust Deed)

23.6 Interests of Secured Creditors

Where the Security Trustee is required to have regard to the interests of any Secured Creditor (other than the Noteholders), the Security Trustee may consult with such Secured Creditor and may (acting in accordance with Clause 8 (Action, Proceedings and Indemnification)) rely on the written confirmation of such Secured Creditor as to whether any act, matter or thing is or is not in the interests of, or materially prejudicial to the interests of, such Secured Creditor

23.7 Modification to Transaction Documents

The Security Trustee shall upon receipt of written direction of the Note Trustee (acting in accordance with the Trust Deed), concur with the Issuer and any other person in making or sanctioning any modification to any of the Transaction Documents or the Conditions

Notwithstanding anything to the contrary contained in this Deed or any other Transaction Document

- (a) when sanctioning or implementing any modification pursuant to this clause 23 7, the Security Trustee shall act and rely solely and without further investigation on any direction provided to it by the Note Trustee pursuant to this Clause 23 and shall not be liable to any Secured Creditors, or any other person for so acting or relying, and
- (b) nothing in this Clause 23 shall oblige the Security Trustee to sanction or make any such modification to the extent that doing so would, in the opinion of the Security Trustee, have the effect of (i) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (ii) increasing the

liabilities, obligations or duties, or decreasing the rights or protections of the Security Trustee (as applicable) in the Transaction Documents and/or the Conditions

Any such modification, determination or authorisation shall be binding on the Secured Creditors and, unless the Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Secured Creditors and to the Rating Agencies as soon as practicable thereafter

23.8 Authorisation or waiver of breach

The Security Trustee shall, upon receipt of a written direction from the Note Trustee (acting in accordance with the Note Trust Deed), but without prejudice to its right in respect of any further or other breach, from time to time and at any time

- (a) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to any of the Transaction Documents or the Class A1P Conditions, the Class A2 Conditions, the Class Z Conditions and the Class A1R Conditions by any party thereto, and
- (b) determine that any Trigger Event, Term Out Event, Potential Event of Default or Event of Default or actual or potential breach of the Class A1P Conditions, the Class A2 Conditions, the Class Z Conditions and the Class A1R Conditions or any term of any Transaction Document shall not, or shall not subject to any specified conditions, be treated as such

Notwithstanding anything to the contrary contained in this Deed or any other Transaction Document

- (a) when implementing any authorisation, waiver or determination pursuant to this Clause 23 8, the Security Trustee shall act and rely solely and without further investigation on any direction provided to it by the Note Trustee pursuant to this Clause 23 and shall not be liable to any Secured Creditors, or any other person for so acting or relying; and
- (b) nothing in this Clause 23 shall oblige the Security Trustee to sanction or make any such authorisation, waiver or determination to the extent that doing so would, in the opinion of the Security Trustee, have the effect of (i) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (ii) increasing the liabilities, obligations or duties, or decreasing the rights or protections of the Security Trustee (as applicable) in the Transaction Documents and/or the Conditions

Any such authorisation, determination or waiver shall be binding on the Secured Creditors and, unless the Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Secured Creditors and to the Rating Agencies as soon as practicable thereafter

23.9 Consequential Loss

The Security Trustee shall not in any event be liable for special or consequential loss or damages of any kind whatsoever (including but not limited to business, goodwill, opportunity or lost profits) even if the Security Trustee has been advised of the likelihood of such loss or damage and regardless of whether any claim for loss or damage is made in negligence, for breach of contract, breach of trust or otherwise

23.10 Monies Held on Trust

All monies received by the Security Trustee in respect of the Secured Obligations or amounts payable under this Deed will, despite any appropriation by the Issuer, be held by the Security Trustee

on trust to apply them, if received prior to the delivery of a Note Acceleration Notice, in accordance with the Pre-Enforcement Priority of Payments and, if received after delivery of a Note Acceleration Notice, the Post-Enforcement Priority of Payments

23.11 Investment by Security Trustee

No provision of this Deed or the Transaction Documents shall (i) confer on the Security Trustee any right to exercise any investment discretion in relation to the assets subject to the trust constituted by this Deed and, to the extent permitted by law, Section 3 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Trust Deed and (ii) require the Security Trustee to do anything which may cause the Security Trustee to be considered a sponsor of a covered fund under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder

24. REMUNERATION AND INDEMNIFICATION OF THE SECURITY TRUSTEE

24.1 Remuneration

- (a) The Issuer shall (subject as hereinafter provided) pay to the Security Trustee annually in advance a fee of such amount and payable on such dates as shall from time to time be agreed in a separate fee letter by the Issuer and the Security Trustee (the **Remuneration**), *provided, that* if and for so long as the Note Trustee and the Security Trustee are the same person, no such fee shall be payable under this Deed. All such Remuneration shall be payable in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments. Such Remuneration shall accrue from day to day and be payable up to and including the date when all of the Secured Obligations have been paid or discharged and the Security Trustee has released, reassigned and/or discharged the Charged Assets as provided in Clause 4.2 (On payment or discharge of Secured Obligations)
- (b) All sums of whatsoever nature which are payable by the Issuer under this Deed and which are now or at any time hereafter become subject to VAT or any similar turnover tax shall be deemed to be exclusive of VAT or any such similar turnover tax and the Issuer in addition to such sums will indemnify the Security Trustee and/or the Receiver of the Issuer from and against all claims and liabilities whatsoever in respect thereof, against production of a valid VAT invoice (or such similar turnover tax invoice). Any sums of whatever nature which are payable to the Security Trustee (for its own account) under this Deed shall be made without set off, counterclaim, deduction or withholding unless compelled by law, in which case the Issuer will gross up such payments to the Security Trustee

24.2 Additional remuneration

In the event of an Event of Default or Potential Event of Default occurring or in the event of the Security Trustee finding it expedient or necessary or being required to undertake any duties which the Security Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under this Deed, the Issuer shall pay to the Security Trustee such additional remuneration as shall be agreed between the Security Trustee and the Issuer

24.3 Disputes

In the event of the Security Trustee and the Issuer failing to agree upon the amount of any Remuneration from time to time pursuant to Clause 24.1 (Remuneration) or to agree in a case to which Clause 24.2 (Additional remuneration) above applies, upon whether such duties are of an

exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee hereunder or upon the amount of such additional remuneration, such matters shall be determined by a person (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Issuer or, failing such approval, nominated by the President for the time being of the Law Society of England and Wales, the expenses being involved in such nomination and the fees of such person being payable by the Issuer, and the decision of any such person shall be final and binding on the Issuer and the Security Trustee

24.4 Expenses

In addition to remuneration hereunder, the Issuer shall pay (on an indemnity basis) all other costs, charges and expenses not expressly waived in the fee letter referenced in Clause 24.1 (Remuneration) which the Security Trustee or the Receiver of the Issuer may properly incur in relation to the negotiation, preparation and execution of, the exercise or attempted exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Deed, the Security and any of the other Transaction Documents to which the Security Trustee is a party including but not limited to travelling and legal expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Security Trustee or the Receiver of the Issuer in connection with any action taken or contemplated by or on behalf of the Security Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Deed or any of the other Transaction Documents (including, in each case, any Irrecoverable VAT in respect thereof)

24.5 Indemnity

Subject to Clause 22.9 (No indemnity) and without prejudice to the right of indemnity by law given to trustees, the Issuer covenants and undertakes that it shall indemnify the Security Trustee and the Receiver of the Issuer, on demand, on an after Tax basis in respect of all Liabilities whether in contract, tort, delict or otherwise now or hereafter to which it (or any person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by or pursuant to this Deed and any of the other Transaction Documents) may be or become liable or which may be incurred by it (or any such person as aforesaid) in the execution or purported execution and performance of any of its trusts, powers, authorities and discretions hereunder or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Deed and any of the other Transaction Documents, or any such appointment (including, in each case, any Irrecoverable VAT in respect thereof) and the Security Trustee and the Receiver of the Issuer shall be entitled to be indemnified out of the Charged Assets in respect thereof save where the same arises as the result of the fraud, gross negligence or wilful default of the Security Trustee or its officers or employees. The Security Trustee shall not be entitled to be paid twice in respect of the same matter pursuant to this Clause 24.5

24.6 Interest

All sums payable by the Issuer under Clauses 24.4 (Expenses), 24.5 (Indemnity), 24.3 (Disputes), shall be payable on demand and

- (a) in the case of payments actually made by the Security Trustee prior to the demand, shall carry interest at the rate per annum which is 1 per cent per annum higher than the base rate of the Agent Bank for the time being from the first Business Day following the date of the same being demanded to the date of actual payment (*provided that* such demand shall be made on a Business Day, otherwise interest shall be payable from the second Business Day following the date of the demand to the date of actual payment) or such later date as specified in such demand, and

- (b) in all other cases, shall carry interest at such rate from the date fifteen (15) days after the date of the same being demanded or (where the demand specifies that payment by the Security Trustee will be made on an earlier date provided such earlier date is a business day) from such earlier date (not being earlier than the Business Day following the date of such demand) to the date of actual payment

Any amounts payable pursuant to Clauses 24.1 (Remuneration) to 24.2 (Additional remuneration) (inclusive) shall carry interest at the aforesaid rate from the due date thereof to the date of actual payment

24.7 Stamp duties

The Issuer shall, to the extent permitted by applicable United Kingdom law, pay all stamp duties and other duties or taxes, including for the avoidance of doubt any tax levied under the Stamp Act 1891 as amended and supplemented, (if any) payable on or arising out of or in consequence of

- (a) the creation of the Security constituted by or pursuant to this Deed, and
- (b) the execution and delivery of this Deed and enforcement of its provisions and documents executed pursuant hereto and the other Transaction Documents

24.8 Survival

Unless otherwise specifically stated in any discharge of this Deed, the provisions of this Clause 24 (Remuneration and indemnification of the Security Trustee) shall continue in full force and effect notwithstanding such discharge

25. APPOINTMENT OF NEW SECURITY TRUSTEE AND REMOVAL OF SECURITY TRUSTEE

25.1 Power of Issuer

The power of appointing a new Security Trustee shall be vested in the Issuer, *provided, that* such appointment must be approved (i) prior to a Term Out Event, by an Extraordinary Resolution of each Class of Senior Noteholders and (ii) on and following a Term Out Event, in writing by the Controlling Class. A trust corporation may be appointed sole security trustee hereof but subject hereto there shall be at least two security trustees hereof. Any appointment of a new Security Trustee and any retirement or removal of an existing Security Trustee hereof shall as soon as practicable thereafter be notified by the Issuer to the Secured Creditors

25.2 Power of Security Trustee

Notwithstanding the provisions of Clause 25.1 (Power of Issuer), the Security Trustee may (as attorney for the Issuer) upon giving prior notice to the Issuer but without the consent of the Issuer or the Secured Creditors appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate security trustee or as a co-trustee jointly with the Security Trustee

- (a) if the Security Trustee considers such appointment to be in the interests of the Secured Creditors (or any of them),
- (b) for the purposes of conforming to any legal requirement, restrictions or conditions in any jurisdiction in which any particular act or acts are to be performed or any Charged Assets is or is to be located, or

- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of this Deed or any of the other Transaction Documents to which the Security Trustee is a party or obligations arising pursuant thereto or any of the security constituted by or pursuant to this Deed

The Issuer hereby irrevocably appoints the Security Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of this Deed or any of the other Transaction Documents to which the Security Trustee is a party) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Security Trustee by this Deed or any of the other Transaction Documents to which the Security Trustee is a party) and such duties and obligations as shall be conferred or imposed on it by the instrument of appointment. The Security Trustee shall have power in like manner to remove any such person. Such proper remuneration as the Security Trustee may pay to any such person, together with any attributable costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of this Deed be treated as costs, charges and expenses incurred by the Security Trustee.

25.3 Multiple trustees

Whenever there shall be more than two security trustees hereof, the majority of such security trustees shall (provided such majority includes a trust corporation) be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this Deed and any of the other Transaction Documents in the Security Trustee generally.

26. RETIREMENT OF SECURITY TRUSTEE

Any security trustee for the time being of this Deed may retire at any time upon giving not less than three months' prior notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs or Liabilities resulting from such retirement. The retirement or removal of any security trustee shall not become effective unless there remains at least one security trustee hereof being a trust corporation in office upon such retirement or removal. The Issuer covenants that, in the event of a security trustee (being a sole security trustee or the only trust corporation) giving notice under this Clause 26 or being removed as referred to in Clause 25.1 (Power of Issuer), it shall use its best endeavours to procure a new security trustee of this Deed (being a trust corporation) to be appointed as soon as reasonably practicable thereafter. If the Issuer has not appointed a new security trustee prior to the expiry of the notice period given by the Security Trustee, the Security Trustee shall be entitled to nominate a replacement, being a Trust Corporation provided such replacement is acceptable to the Issuer (acting reasonably).

27. NOTICES AND DEMANDS

27.1 Service of notices

Any notices to be given pursuant to this Deed to any of the parties hereto shall be sufficiently served if sent to the addresses given in Clause 27.2 (Address) by prepaid first class post, by hand, facsimile transmission or electronic transmission by email and shall be deemed to be given (in the case of facsimile transmission or electronic transmission by email) when despatched, (where delivered by hand) on the day of delivery if delivered before 5.00 pm (London time) on a Business Day or on the next Business Day if delivered thereafter or on a day which is not a Business Day or (in the case of first class post) when it would be received in the ordinary course of the post. Any notices to be given pursuant to this Deed to Noteholders will be given in accordance with the relevant Conditions.

27.2 Address

The addresses referred to in this Clause 27 are as follows

- (a) in the case of the Issuer, to Cape Funding No 1 PLC, c/o Structured Finance Management Limited, 35 Great St Helen's, London EC3A 6AP (facsimile number +44 (0) 20 7398 6325, email directors-uk@sfmeurope.com) for the attention of the Directors, with a copy to TSB Bank plc, TSB Treasury, 1st Floor, Barnwood 2, Barnett Way, Gloucester GL4 3RL (facsimile number +44 (0)20 7003 9357, email steve.vance@tsb.co.uk) for the attention of Secured Funding,
- (b) in the case of the Seller, the Servicer, the Cash Manager, the Account Bank and the Start-Up Loan Provider, to TSB Bank plc, TSB Treasury, 1st Floor, Barnwood 2, Barnett Way, Gloucester GL4 3RL (facsimile number +44 (0)20 7003 9357, email steve.vance@tsb.co.uk) for the attention of Secured Funding,
- (c) in the case of the Account Bank, to Lloyds Bank plc, 10 Gresham Street, London EC2V 7AE (facsimile number (0)20 7158 3297, email lewis.fitzsimmons@lloydsbanking.com) for the attention of Director, Global Specialist Finance & Intermediaries, Financial Institutions,
- (d) in the case of the Security Trustee and/or the Note Trustee, to BNY Mellon Corporate Trustee Services Limited, One Canada Square, London E14 5AL (facsimile number +44 207 964 2509) for the attention of Trustee Administration Manager – Cape Funding No 1,
- (e) in the case of the Principal Paying Agent, the Agent Bank and/or the Custodian, to The Bank of New York Mellon, One Canada Square, London E14 5AL (facsimile number +44 207 964 2509) for the attention of Trustee Administration Manager – Cape Funding No 1,
- (f) in the case of the Registrar, to The Bank of New York Mellon (Luxembourg) S A , Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg (Mohammed Ahi + (352) 2452 5737, Julie Babigeon + (352) 2452 5317, Yann Foll + (352) 2452 5338, facsimile number + (352) 2452 4204) for the attention of Cape Funding No 1,
- (g) in the case of the Corporate Services Provider, to Structured Finance Management Limited, 35 Great St Helen's, London EC3A 6AP (facsimile number +44 (0)20 7398 6325, email directors-uk@sfmeurope.com) for the attention of The Directors,
- (h) in the case of Fitch, to Fitch Ratings Ltd , 30 North Colonnade, Canary Wharf, London E14 5GN to (facsimile number. +44 (0)20 3530 1000, email sf_surveillance@fitchratings.com) for the attention of Structured Finance Surveillance,
- (i) in the case of S&P, to Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited (email rmbseuropeansurveillance@standardandpoors.com), and
- (j) in the case of DBRS, to DBRS Ratings Limited, Keith Gorman and ABS Surveillance (email kgorman@dbrs.com and abs_surveillance@dbrs.com),

or to such other address, facsimile number or email or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 27

27.3 The Issuer hereby acknowledges that it is fully aware of the risk associated with transmitting instructions via facsimile, and being aware of these risks authorises the Security Trustee to accept and act upon any instruction sent to the Security Trustee in the Issuer's name or in the name of one or more appropriate authorised signers of the Issuer via facsimile. The Security Trustee shall be entitled to the benefit of the provisions of Clause 24.5 (*Indemnity*) when accepting or acting upon any instructions, communications or documents transmitted by facsimile, and shall not be liable in the event any facsimile transmission is not received, or is mutilated, illegible, interrupted, duplicated, incomplete, unauthorised or delayed for any reason, including (but not limited to) electronic or telecommunications failure.

28. FURTHER PROVISIONS

28.1 Evidence of indebtedness

In any action, proceedings or claim relating to this Deed or the charges contained in this Deed, a statement as to any amount due to any Secured Creditor or of the Secured Obligations or any part thereof or a statement of any amounts which have been notified to the Security Trustee as being amounts due to any Secured Creditor which is certified as being correct by an officer of the Security Trustee or an officer of the relevant Secured Creditor shall, save in the case of manifest error, be conclusive evidence that such amount is in fact due and payable.

28.2 Rights cumulative, waivers

The respective rights of the Security Trustee, the Secured Creditors and any Receiver are cumulative, and may be exercised as often as they consider appropriate and are in addition to their respective rights under the general law. The respective rights of the Security Trustee, the Secured Creditors and any Receiver in relation to this Deed (whether arising under this Deed or under the general law) shall not be capable of being waived or varied otherwise than by express waiver or variation in writing, and, in particular, any failure to exercise or any delay in exercising any such rights shall not operate as a variation or waiver of that or any other such right, any defective or partial exercise of such rights shall not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on their part or on their behalf shall in any way preclude them from exercising any such right or constitute a suspension or any variation of any such right.

28.3 Invalidity of any provision

If any of the provisions of this Deed become 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.

28.4 Severability

Any provision of this Deed which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Issuer hereby waives any provision of law but only to the extent permitted by law which renders any provision of this Deed prohibited or unenforceable in any respect.

28.5 Counterparts

This Deed may be executed in any number of counterparts (manually or electronically) and by different parties hereto in separate counterparts, each of which, when so executed and delivered,

shall be deemed to be an original, but all the counterparts shall together constitute but one and the same instrument, *provided however, that* this Deed shall have no force or effect until it is executed by the last party to execute the same and shall be deemed to have been executed and delivered in the place where such last party executed this Deed

Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby

28.6 Further assurance

The Issuer shall (at its own cost) do and execute, or arrange for the doing and executing of, each act, document and thing requested of it by the Security Trustee or any Receiver (including, without limitation, the giving of notices of assignment and the effecting of filings of registration in any jurisdiction) for perfecting or protecting the Security from time to time and, at any time after the Security or any part thereof has become enforceable, shall do and execute, or arrange for the doing and executing of, each necessary act, document and thing within its power and as may be requested of it by the Security Trustee or any receiver for facilitating the realisation of, or enforcement of rights in respect of, all of any of the Charged Assets and the exercise of all rights vested in the Security Trustee or in any Receiver in respect of all or any of such Security

29. SECURITY TRUSTEE'S REQUIREMENTS REGARDING AGENTS

29.1 Occurrence of failure to pay

At any time after an Event of Default or a Potential Event of Default shall have occurred which shall not have been waived or if there is a failure to make payment of any amount in respect of any Note when due or the Security Trustee shall have received any money which it proposes to pay to the Noteholders, the Security Trustee may

- (a) by notice in writing to the Issuer, the Agents and the Cash Manager (if applicable), require the Agents (pursuant to the Agency Agreement) and the Cash Manger (pursuant to the Cash Management Agreement)
 - (i) to act thereafter, until otherwise instructed by the Security Trustee, as Agents, Cash Manger respectively on behalf of the Security Trustee, and in the case of the Principal Paying Agent and the Cash Manager, in relation to payments to be made by or on behalf of the Security Trustee under the provisions of this Deed *mutatis mutandis* on the terms provided in the Agency Agreement or the Cash Management Agreement, as applicable, and thereafter to hold all Notes and all sums, documents and records held by them in respect of such notes on behalf of the Security Trustee (save that the Security Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Agents and the Cash Manger shall be limited to the amounts for the time being held by the Security Trustee on the trusts under the provisions of this Deed relating to the relative Notes and available for such purpose), and/or
 - (ii) to deliver up all Notes and all sums, documents and records held by them in respect of the Notes to the Security Trustee or as the Security Trustee shall direct in such notice, *provided, that* such notice shall be deemed not to apply to any documents or records which the Agents and/or the Cash Manger (as applicable) is obliged not to release by any law or regulation, and/or

- (b) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Notes to or to the order of the Security Trustee and not to the Principal Paying Agent and the Registrar or the Class A1P Noteholder, the Class A1R Noteholder, the Class A2 Noteholder or the Class Z Noteholder and with effect from the issue of any such notice to the Issuer and until such notice is withdrawn this Clause 29.1 shall cease to have effect

29.2 Withdrawal of notice

The Security Trustee at any time may, if any Event of Default or Potential Event of Default is remedied to the reasonable satisfaction of the Security Trustee during any applicable grace period, by notice in writing to the Issuer and the relevant Agents and/or the Cash Manager (if applicable) withdraw any notice given by the Security Trustee pursuant to Clause 29.1 (Occurrence of failure to pay) whereupon such Agents and/or Cash Manager shall act as agents of the Issuer in accordance with the terms hereof. The withdrawal of any notice given by the Security Trustee pursuant to Clause 29.1 (Occurrence of failure to pay) shall not preclude the Security Trustee from issuing any other or further notices pursuant to that Clause on any subsequent occasion and at any time after the occurrence of an Event of Default or Potential Event of Default, no notice given by the Security Trustee pursuant to Clause 29.1 (Occurrence of failure to pay) shall be withdrawn except at the absolute discretion of the Security Trustee.

30. NOTIFICATION AGENT

If the Security Trustee has actual knowledge that the Seller has failed to give the requisite notices pursuant to Clause 7.5 (Timing) of the Mortgage Sale Agreement, the Security Trustee agrees that

- (a) as soon as practicable after the Security Trustee receives such actual knowledge, it will use reasonable endeavours to identify an entity who will act as agent of the Issuer in order to effect the delivery of such notices (such entity, the **Notification Agent**) and shall have no liability to any person if, having used its reasonable endeavours, it is unable to identify a suitable Notification Agent,
- (b) it will only be required to attempt to identify such Notification Agent for ninety (90) days,
- (c) it shall not be responsible for carrying out the duties of the Seller set out in Clause 7.5 (Timing) of the Mortgage Sale Agreement or for performing the duties of any Notification Agent itself during the time it is attempting to identify such Notification Agent or thereafter if it is unable to find such replacement, and
- (d) shall not be required to take any action to find a Notification Agent unless it has been previously indemnified and/or secured and/or prefunded to its satisfaction.

The Security Trustee shall be entitled to assume that the Seller has complied with its obligations under Clause 7.5 (Timing) of the Mortgage Sale Agreement, unless it is told otherwise as specified in the Transaction Documents.

31. CHOICE OF LAW

31.1 Governing Law

This Deed (and any non-contractual obligations arising out of or in connection with it) is governed by, and shall be construed in accordance with English law (*provided that* Clauses 3.4 (Scottish Sub-Securities), 3.5 (Scottish Trust Security) and 9.11 (Scottish Trust Property) and any terms hereof which are particular to the law of Scotland shall be construed in accordance with Scottish law).

31.2 Submission to jurisdiction

Each party to this Deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Deed (including a dispute relating to any non-contractual obligations in connection with this Deed), 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 Deed 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.

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SCHEDULE 1

POWER OF ATTORNEY

THIS POWER OF ATTORNEY is made on 20 May 2014 by **CAPE FUNDING NO. 1 PLC** (registered number 08821279), whose registered office is at c/o Structured Finance Management Limited, 35 Great St Helen's, London EC3A 6AP (the **Principal**)

Whereas

- (1) By virtue of a deed of charge (the **Deed of Charge**) dated on or about 20 May 2014 and made between, *inter alios*, the Principal, the Cash Manager, the Security Trustee, the Note Trustee, the Agent Bank, the Account Bank, the Custodian, the Principal Paying Agent, the Registrar and the Corporate Services Provider (each as referred to therein) provision was made for the execution by the Principal of this Power of Attorney
- (2) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Deed of Charge

NOW THIS POWER OF ATTORNEY WITNESSETH

- 1 The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions, obligations and undertakings on the part of the Principal contained in the Deed of Charge appoints BNY Mellon Corporate Trustee Services Limited in its capacity as Security Trustee, and any other person or persons for the time being the security trustee or security trustees of and under the Deed of Charge (the **Attorney**) and any Receiver (including any administrative receiver) and any manager (the **Receiver**) and/or administrator (the **Administrator**) appointed from time to time by the Attorney or on its behalf its true and lawful attorney for and in the Principal's name or otherwise jointly and severally to do any act matter or thing which the Attorney, Receiver or Administrator considers in each case *bona fide* necessary for the protection or preservation of the Attorney's interests and rights in and to the Charged Assets or which ought to be done under the covenants, undertakings and provisions contained in the Deed of Charge in any circumstances where the Attorney has become entitled to take the steps referred to in Clauses 9 5 (Law of Property Act 1925) to 9 11 (Scottish Trust Property) (inclusive) of the Deed of Charge including (without limitation) any or all of the following
 - (a) to do every act or thing which the Attorney, Receiver or Administrator may deem to be necessary, proper or expedient for fully and effectually vesting, transferring or assigning the Security and/or the Charged Assets or any part thereof and/or the Principal's estate, right, title, benefit and/or interest therein or thereto in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof in the same manner and as fully and effectually in all respects as the Principal could have done, and
 - (b) the power by writing under its hand by an officer of the Attorney (including every Receiver appointed under the Deed of Charge) from time to time to appoint a substitute attorney (each a **Substitute**) who shall have power to act on behalf of the Principal as if that Substitute shall have been originally appointed Attorney by this Power of Attorney and/or to revoke any such appointment at any time without assigning any reason therefore
- 2 In favour of the Attorney, any Receiver and/or Administrator and/or substitute, or a person dealing with any of them and the successors and assigns of such a person, all acts done and documents executed or signed by the Attorney, a Receiver, an Administrator or a substitute in the purported

exercise of any power conferred by this Power of Attorney shall for all purposes be valid and binding on the Principal and its successors and assigns

3. The Principal irrevocably and unconditionally undertakes to indemnify the Attorney and each Receiver and/or Administrator and/or substitute appointed from time to time by the Attorney and their respective estates against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this Power of Attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant indemnified party or its officers or employees
- 4 The provisions of Clause 3 (Security and Declaration of Trust) shall continue in force after the revocation or termination, howsoever arising, of this Power of Attorney
- 5 The laws of England shall apply to this Power of Attorney and the interpretation thereof and to all acts of the Attorney and each Receiver and/or Administrator and/or substitute carried out or purported to be carried out under the terms hereof
- 6 The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or its attorney or attorneys or any Receiver or Administrator or substitute shall properly and lawfully do or cause to be done in and concerning the Security Trustee's Security and/or the Charged Assets

IN WITNESS WHEREOF this Power of Attorney has been executed and delivered as a deed by the Principal the day and year first before written

EXECUTED and DELIVERED as a DEED

by **SFM Directors Limited and SFM Directors
(No.2) Limited**

for and on behalf of

CAPE FUNDING NO. 1 PLC

Director

Director

SCHEDULE 2

FORM OF SCOTTISH SUB-SECURITY (LAND REGISTER)

WE, **CAPE FUNDING NO. 1 PLC** (registered number 08821279), a public limited company incorporated in England and Wales, having our registered office at c/o Structured Finance Management Limited, 35 Great St Helen's, London EC3A 6AP (hereinafter referred to as the **Issuer**) **CONSIDERING** that

- (a) we have entered into a trust deed (hereinafter referred to as the **Trust Deed**) dated on or about 20 May 2014 between us and BNY Mellon Corporate Trustee Services Limited, a company incorporated in England and Wales whose registered address is at One Canada Square, London E14 5AL (hereinafter referred to as the Note Trustee, which expression shall include such company and all other persons or companies for the time being acting as trustee or trustees under the Trust Deed or this Deed) constituting certain mortgage-backed floating rate notes,
- (b) in security of the performance of the obligations specified therein to the Issuer and others we have entered into a deed of charge (the **Deed of Charge**) between us, BNY Mellon Corporate Trustee Services Limited as Security Trustee thereunder whose registered address is at One Canada Square, London E14 5AL (the Security Trustee, which expression shall include such company and all other persons for the time being acting as trustee or trustees under the Deed of Charge or this deed) and others dated on or about 20 May 2014,
- (c) in the terms of the Deed of Charge we have agreed to grant this deed; and
- (d) capitalised terms in this deed (including the recitals hereto) shall, except where the context otherwise requires and save where otherwise defined herein, bear the meanings ascribed to them in the Master Definitions and Construction Schedule dated on or about 20 May 2014 between *inter alios* us, the Note Trustee and the Security Trustee (as the same may be amended, restated, varied or supplemented from time to time) and this deed shall be construed in accordance with the principles of interpretation and constructions set out therein

NOW THEREFORE we the Issuer, in security of the payment and discharge of all present and future monies, obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) constituting or comprised within the Secured Obligations and any variation or alteration thereof and in implement *pro tanto* of Clause 3 4 (Scottish Sub-Securities) of the Deed of Charge **HEREBY GRANT** a Standard Security in favour of the Security Trustee over ALL and WHOLE those Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of the party whose name is specified in the relative entry in Column 3 of the said Schedule for all sums due and to become due over the subjects therein described, said respective Standard Securities being registered in the Registers of Scotland under the Title Number(s) specified in the relative entry in Column 5 of the said Schedule on the date specified in the relative entry in Column 6 of the said Schedule (which said respective Standard Securities are hereinafter together referred to as the **Principal Securities**) Together with our whole right, title and interest, present and future therein and thereto The Standard Conditions specified in Schedule 2 to the 1970 Act (the **Standard Conditions**) and any lawful variation thereof operative for the time being shall apply And we agree that

- (First) Conditions 1 to 7 (inclusive) of the Standard Conditions shall not apply to this Standard Security,
- (Second) the remaining Standard Conditions shall be varied to the effect that in so far as the provisions of the Deed of Charge (the terms of which shall be deemed to be incorporated herein) extend, add to, depart from or conflict with the said Standard Conditions, the Deed of Charge shall, subject to the provisions of the said Act, prevail and take effect,

- (Third) upon the Deed of Charge becoming immediately enforceable, in accordance with the provisions of Clause 9.2 (Enforceable) thereof, we shall (in addition to the circumstances specified in the said Act) be deemed to be in default within the meaning of Condition 9(1)(b) of the Standard Conditions whereupon, and without prejudice to its whole other rights and powers under the said Act or the Transaction Documents, the Security Trustee shall be entitled to enforce this Standard Security in accordance with the provisions of the said Act,
- (Fourth) without prejudice to the rights and remedies of the Security Trustee under the said Act or otherwise, in the event of our being in default hereunder (a) we shall on demand grant, execute and deliver a valid assignment of the Principal Securities or any of them in favour of the Security Trustee or any nominee of the Security Trustee and (b) the Security Trustee shall have power to uplift, receive, sue for and discharge all sums and liabilities due and to become due under the Principal Securities and to enforce all the rights and obligations contained or implied therein or thereby and to discharge the same in whole or in part and generally to do whatever is or may be or would, if this deed had not been granted, have been competent to us in respect thereof, and that without the consent of or notice to us and on such terms and conditions as the Security Trustee in its absolute discretion may determine, declaring that the exercise or otherwise by the Security Trustee of all or any of the powers hereby conferred shall be without prejudice to and shall in no way restrict or discharge the obligations undertaken by us herein or otherwise, and
- (Fifth) the security rights and interests created, made or given under or pursuant to this deed shall be held by the Security Trustee as trustee for the Secured Creditors upon and subject to the terms and conditions of the Deed of Charge

And we grant warrandice *[insert any exceptions therefrom]* And we further ASSIGN to the Security Trustee in security of all monies, obligations and liabilities foresaid our whole right, title and interest in and to all and any personal bonds, credit agreements or agreements for loan (howsoever constituted) granted by or entered into with the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the Principal Securities

IN WITNESS WHEREOF these presents typewritten on this and the two preceding pages are executed at [●] on the day of [●] as follows

SUBSCRIBED for and on behalf of the said
CAPE FUNDING NO. 1 PLC
 per pro **SFM Directors Limited** and
SFM Directors (No.2) Limited

at

on

by

...

Director

at

on

by

Director

Schedule referred to in the foregoing Standard Security by Cape Funding No. 1 PLC in favour of BNY Mellon Corporate Trustee Services Limited (as Security Trustee)

1	2	3	4	5	6
Account Number	Borrowers' Full Names	Originator	Secured Property	Title Number	Date

Director

Director

SCHEDULE 3

FORM OF SCOTTISH SUB-SECURITY (SASINE REGISTER)

WE, **CAPE FUNDING NO. 1 PLC** (registered number 08821279), a public limited company incorporated in England and Wales, having our registered office at c/o Structured Finance Management Limited, 35 Great St Helen's, London EC3A 6AP (hereinafter referred to as the **Issuer**) **CONSIDERING** that

- (a) We have entered into a trust deed (hereinafter referred to as the **Trust Deed**) dated on or about 20 May 2014 between us and BNY Mellon Corporate Trustee Services Limited, a company incorporated in England and Wales whose registered address is at One Canada Square, London E14 5AL (hereinafter referred to as the **Note Trustee**, which expression shall include such company and all other persons or companies for the time being acting as trustee or trustees under the Trust Deed or this Deed) constituting certain mortgage-backed floating rate notes,
- (b) In security of the performance of the obligations specified therein to the Issuer and others we have entered into a deed of charge (the **Deed of Charge**) between us, BNY Mellon Corporate Trustee Services Limited as Security Trustee thereunder whose registered address is at One Canada Square, London E14 5AL (the **Security Trustee**, which expression shall include such company and all other persons for the time being acting as trustee or trustees under the Deed of Charge or this deed) and others dated on or about 20 May 2014,
- (c) In terms of the Deed of Charge we have agreed to grant this deed, and
- (d) Capitalised terms in this deed (including the recitals hereto) shall, except where the context otherwise requires and save where otherwise defined herein, bear the meanings ascribed to them in the Master Definitions and Construction Schedule dated on or about 20 May 2014 between *inter alios* us, the Note Trustee and the Security Trustee (as the same may be amended, restated, varied or supplemented from time to time) and this deed shall be construed in accordance with the principles of interpretation and constructions set out therein

NOW THEREFORE we the Issuer, in security of the payment and discharge of all present and future monies, obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) constituting or comprised within the Secured Obligations and any variation or alteration thereof and in implement *pro tanto* of Clause 3 4 (Scottish Sub-Securities) of the Deed of Charge **HEREBY GRANT** a Standard Security in favour of the Security Trustee over ALL and WHOLE those Standard Securities granted by the respective parties whose names are specified in Column 2 of the said Schedule annexed and executed as relative hereto in favour of the party whose name is specified in the relative entry in Column 3 of the said Schedule for all sums due and to become due over the subjects therein described lying in the county specified in the relative entry in Column 5 of the said Schedule, said respective Standard Securities being recorded in the General Register of Sasines for the county specified as aforesaid in the relative entry in Column 5 of the said Schedule on the date specified in the relative entry in Column 6 of the said Schedule (which said respective Standard Securities are hereinafter together referred to as the **Principal Securities**) Together with our whole right, title and interest, present and future therein and thereto The Standard Conditions specified in Schedule 2 to the 1970 Act (the **Standard Conditions**) and any lawful variation thereof operative for the time being shall apply And we agree that

- (First) Conditions 1 to 7 (inclusive) of the Standard Conditions shall not apply to this Standard Security,
- (Second) the remaining Standard Conditions shall be varied to the effect that in so far as the provisions of the Deed of Charge (the terms of which shall be deemed to be incorporated herein)

extend, add to, depart from or conflict with the said Standard Conditions, the Deed of Charge shall, subject to the provisions of the said Act, prevail and take effect,

(Third) upon the Deed of Charge becoming immediately enforceable, in accordance with the provisions of Clause 9.2 (Enforceable) thereof, we shall (in addition to the circumstances specified in the said Act) be deemed to be in default within the meaning of Condition 9(1)(b) of the Standard Conditions, whereupon and without prejudice to its whole other rights and powers under the said Act or the Transaction Documents, the Security Trustee shall be entitled to enforce this Standard Security in accordance with the provisions of the said Act,

(Fourth) without prejudice to the rights and remedies of the Security Trustee under the said Act or otherwise, in the event of our being in default hereunder (a) we shall on demand grant, execute and deliver a valid assignment of the Principal Securities or any of them in favour of the Security Trustee or any nominee of the Security Trustee and (b) the Security Trustee shall have power to uplift, receive, sue for and discharge all sums and liabilities due and to become due under the Principal Securities and to enforce all the rights and obligations contained or implied therein or thereby and to discharge the same in whole or in part and generally to do whatever is or may be or would, if this deed had not been granted, have been competent to us in respect thereof, and that without the consent of or notice to us and on such terms and conditions as the Security Trustee in its absolute discretion may determine, declaring that the exercise or otherwise by the Security Trustee of all or any of the powers hereby conferred shall be without prejudice to and shall in no way restrict or discharge the obligations undertaken by us herein or otherwise, and

(Fifth) the security rights and interests created, made or given under or pursuant to this deed shall be held by the Security Trustee as trustee for the Secured Creditors upon and subject to the terms and conditions of the Deed of Charge

And we grant warrandice *[insert any exceptions therefrom]* And we further ASSIGN to the Security Trustee in security of all monies, obligations and liabilities foresaid our whole right, title and interest in and to all and any personal bonds, credit agreements or agreements for loan (howsoever constituted) granted by or entered into with the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the Principal Securities:

IN WITNESS WHEREOF these presents typewritten on this and the two preceding pages are executed at [●] on the [●] day of [●] as follows

SUBSCRIBED for and on behalf of the said
CAPE FUNDING NO. 1 PLC
per pro **SFM Directors Limited** and
SFM Directors (No.2) Limited

at

on

by

Director

at

on

Director

Schedule referred to in the foregoing Standard Security by Cape Funding No. 1 PLC in favour of BNY Mellon Corporate Trustee Services Limited (as Security Trustee)

1	2	3	4	5	6
Account Number	Borrowers' Full Names	Originator	Secured Property	County	Date

Director

Director

SCHEDULE 4

FORM OF SCOTTISH SUPPLEMENTAL CHARGE

ASSIGNATION IN SECURITY

BETWEEN

- (1) **CAPE FUNDING NO. 1 PLC** (registered number 08821279), a public 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 the **Issuer**), and
- (2) **TSB BANK PLC** (registered number SC095237) a company incorporated in Scotland and registered as a public company under the Companies Act 1985 whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH (referred to hereinafter as the **Seller**)

WHEREAS

- (A) This deed is supplemental to a Deed of Charge dated on or about 20 May 2014 (the **Deed of Charge**) made between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services Limited (the **Security Trustee**, which expression shall include its successor or successors as trustee under and in terms of the Deed of Charge),
- (B) In terms of the Deed of Charge the Security Trustee *inter alia* holds the security constituted or to be constituted by or pursuant to the Deed of Charge for the Secured Creditors,
- (C) A Scottish Declaration of Trust dated on or about 20 May 2014 (the **Scottish Declaration of Trust**) has been entered into between the Seller and the Issuer and delivered, in terms of which certain Scottish Loans together with their related Scottish Mortgages and other collateral security relative thereto as more fully specified and defined therein (the **Scottish Trust Property**) are held in trust by the Seller for the Issuer, and
- (D) This deed is made by the Issuer and the Seller in favour of the Security Trustee in accordance with and pursuant to Clause 3 5 (Scottish Trust Security) of the Deed of Charge

NOW THEREFORE the parties hereto **HAVE AGREED** and **DO HEREBY AGREE** as follows

- 1 The Master Definitions and Construction Schedule made between *inter alios* the Issuer and the Seller dated on or about 20 May 2014 is expressly and specifically incorporated into this deed 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 deed, including the recitals hereto and this deed shall be construed in accordance with the interpretation provisions set out in Clause 2 (Interpretation and Construction) of the Master Definitions and Construction Schedule
2. The Issuer covenants with and undertakes to the Security Trustee as trustee for the Secured Creditors that it will duly and punctually pay and discharge the Secured Obligations in accordance with the terms of the Deed of Charge and each Transaction Document
- 3 The Issuer as holder of the beneficial interest therein and with absolute warrandice and subject to the proviso for release contained in Clause 4 (Release of Charged Assets) of the Deed of Charge (with effect from 20 May 2014 (the **Effective Date**)) HEREBY ASSIGNS to and in favour of the Security Trustee in security for the discharge and payment of the Secured Obligations the Issuer's whole right, title, interest and benefit, present and future, in and to the Scottish Trust Property and in and to the

Scottish Declaration of Trust, surrogating and substituting the Security Trustee in its full right and place therein and thereto

- 4 The Issuer (for itself and on behalf of the Security Trustee) hereby gives notice of and intimates the assignation in security made in terms of Clause 3 (Security and Declaration of Trust) hereof to the Seller as trustee under the Scottish Declaration of Trust and the Seller by its execution hereof immediately subsequent to the execution of this deed by the Issuer consents thereto, acknowledges such notice and intimation and confirms that save under or pursuant to the Transaction Documents as at the date hereof it has not received notification of any other dealing with the Scottish Trust Property or the Scottish Declaration of Trust or any part thereof
- 5 The parties hereby agree that all the obligations, undertakings, covenants, rights and powers specified and contained in the Deed of Charge which relate to the property referred to in and the security and other rights and powers created under and pursuant to Clause 3 (Security and Declaration of Trust) of the Deed of Charge shall from the Effective Date be deemed to be repeated herein and shall apply *mutatis mutandis* to the property referred to in Clause 3 (Security and Declaration of Trust) hereof and the security and other rights and powers created under and pursuant hereto and that the whole remaining terms of the Deed of Charge shall, except in so far as inconsistent herewith apply *mutatis mutandis* hereto provided always that this deed shall be without prejudice to the Deed of Charge and all of the rights, powers obligations and immunities comprised therein and arising pursuant thereto, which shall remain in full force and effect notwithstanding this deed
- 6 This deed shall be governed by and construed in accordance with Scottish law

SUBSCRIBED for and on behalf of the said
CAPE FUNDING NO. 1 PLC
per pro **SFM Directors Limited** and
SFM Directors (No.2) Limited

at

on

by _____ Director

Director

SUBSCRIBED for and on behalf of the said
TSB BANK PLC
as **Seller**

at

on

by _____ Attorney/Authorised Signatory

Attorney/Authorised Signatory

SCHEDULE 5

DEFINITIONS

Defined terms used in this Deed of Charge have the meanings set out below

Except where the context otherwise requires, the following defined terms used in the Transaction Documents have the meanings set out below (as the same may be amended and supplemented from time to time)

1881 Act means the Conveyancing and Law of Property Act 1881 of Northern Ireland,

1925 Act means the Law of Property Act 1925;

1970 Act means the Conveyancing and Feudal Reform (Scotland) Act,

1999 Regulations means the Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083) as amended from time to time,

€, Euro or euro means the lawful currency for the time being of the member states of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7 February 1992 and the Treaty of Amsterdam of 2 October 1997 establishing the European Community,

£, GBP, Sterling, Pounds or Pounds Sterling denotes the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland,

Acceding Noteholder has the meaning given to it in Clause 28.1.1 of the Variable Funding Note Issuance Deed,

Acceptable Clearing House means Euroclear and/or Clearstream, Luxembourg or such other clearing house as may be acceptable to the Class A1 Noteholder,

Acceptable Market means

- (a) the Main Market of the London Stock Exchange,
- (b) the Main Market of the Luxembourg Stock Exchange,
- (c) the Main Securities Market of the Irish Stock Exchange, or
- (d) such other Prospectus Directive compliant, regulated market as may be acceptable to the Class A1 Noteholder and which is a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007,

Account Bank means the bank at which the Bank Accounts are maintained from time to time, being as at the Closing Date, Lloyds Bank, and thereafter such other entity as may from time to time be appointed pursuant to, and in accordance with the terms of, the Bank Account Agreement,

Account Bank Required Ratings means (a) a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "A" by S&P, "A" by Fitch and "A" by DBRS, (b) a short-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "A-1" by S&P and "F1" by Fitch, or (c) such other lower rating (i) which is consistent with the then current

rating methodology of such relevant Rating Agency, or (ii) with respect to which the Cash Manager certifies in writing to the Note Trustee and the Security Trustee it has received a Ratings Confirmation,

Account Bank Termination Event has the meaning given to it in Clause 10.1(b) (*Termination Events*) of the Bank Account Agreement,

Account Details means the relevant account details as set out in Schedule 8 (*Account Details*) of the Variable Funding Note Issuance Deed,

Account Mandate means the Transaction Account Mandate,

Accrued Interest means, in relation to a Loan as at any date, the aggregate of all interest accrued but not yet due and payable on such Loan from (and including) the Monthly Payment Date in respect of such Loan immediately preceding the relevant date to (but excluding) the relevant date,

Additional Account means any account in the name of the Issuer at the Account Bank or any other bank account created after the Closing Date established pursuant to and in accordance with the Bank Account Agreement,

Additional Class A1P Conditions Precedent means the conditions precedent as set out at Part A (*Additional Class A1P Conditions Precedent*) of Schedule 4 (*Additional Conditions Precedent*) of the Variable Funding Note Issuance Deed,

Additional Class A1P Facility Drawing means a drawing under the Class A1P Facility (other than the Closing Date Class A1P Facility Drawing and the Initial Committed Class A1P Facility Drawing), in an amount equal to the Additional Class A1P Facility Drawing Amount,

Additional Class A1P Facility Drawing Amount means the amount of an Additional Class A1P Facility Drawing, as specified in the relevant Drawing Notice and which must be in an amount equal to or greater than £10 million,

Additional Class A2 Condition Precedent means the condition precedent as set out at Part B (*Additional Class A2 Condition Precedent*) of Schedule 4 (*Additional Conditions Precedent*) of the Variable Funding Note Issuance Deed,

Additional Class A2 Facility Drawing means a drawing under the Class A2 Facility (other than the Initial Class A2 Facility Drawing), in an amount equal to the Additional Class A2 Facility Drawing Amount,

Additional Class A2 Facility Drawing Amount means the amount of an Additional Class A2 Facility Drawing, as specified in the relevant Drawing Notice and which must be in an amount equal to or greater than £10 million,

Additional Class Z Drawing means a drawing under the Class Z Facility (other than the drawing under the Class Z Facility made on the Closing Date) in an amount equal to the Additional Class Z Drawing Amount,

Additional Class Z Drawing Amount means the amount of an Additional Class Z Drawing, as specified in the relevant Drawing Notice and which must be in an amount equal to or greater than £10 million,

Additional Reserve Fund Required Amount at any Interest Payment Date means the aggregate Current Balance of all Delinquent Loans which have not been repurchased, repaid in full or become non-delinquent or which have become a Loss as at such Interest Payment Date,

Additional Services has the meaning given to it in Clause 2 1 (*Duties and responsibilities*) of the Corporate Services Agreement,

Advance has the meaning given to it in Clause 2 1 (*The Start-Up Loan*) of the Start-Up Loan Agreement,

Affiliate means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company,

Agency Agreement means the agency agreement entered into on or about the Closing Date between the Issuer, the Agent Bank, the Principal Paying Agent, the Security Trustee, the Note Trustee, the Registrar and the Cash Manager which sets out the appointment of the Registrar and the Agent Bank for the Notes (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Agent Bank means The Bank of New York Mellon, London Branch, a New York banking corporation whose London Branch address is at One Canada Square, London E14 5AL, acting as Agent Bank under the terms of the Agency Agreement, or such other person as may from time to time be appointed as Agent Bank pursuant to the Agency Agreement,

Agents means the Registrar, the Principal Paying Agent and the Agent Bank,

AIFMR means Commission Delegated Regulation (EU) No 231/2013,

Appointee means any attorney, manager, agent, delegate, nominee, Receiver, custodian or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions,

Arrears of Interest means, in respect of a Loan as at any date, the aggregate of all the interest which is due and payable and remains unpaid on that date,

Assignment and Assignment of Third Party Rights means an assignment and assignation of Related Security and rights of action against third parties substantially in the form set out in Schedule 9 (*Assignment and assignation of third party rights*) to the Mortgage Sale Agreement,

Auditors means PricewaterhouseCoopers LLP or such other internationally independent firm of auditors selected from time to time by the Issuer with the prior written approval of the Security Trustee,

Authorised Investments means

- (a) Sterling gilt-edged securities, and
- (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made if there is no withholding or deduction for or on account of taxes applicable thereto and either such investments

- (i) have a maturity date of 60 days or less and mature on or before the Interest Payment Date or within 60 days, whichever is sooner, (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 60 days, whichever is sooner, and (iii) are rated at least "A-1" by S&P, "F-1" by Fitch and "R-1 (middle)" by DBRS (and "AA-" (long-term) by S&P, "AA-" (long-term) by Fitch and "AA (low)" by DBRS if the investments have a long-term rating), or
- (ii) have a maturity date of 90 days or less and mature on or before the Interest Payment Date or within 90 days, whichever is sooner, (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 90 days, whichever is sooner, and (iii) are rated at least "AA-" by S&P, "F-1" by Fitch and "R-1 (middle)" by DBRS (and "AA-" (long-term) by S&P, "AA-" (long-term) by Fitch and "AA (low)" by DBRS if the investments have a long-term rating),

Authorised Signatory means (i) with respect to the Transaction Account Mandate or any mandate in respect of an Additional Account, any authorised signatory referred to therein, as applicable, or (ii) with respect to any other document and in relation to any transaction party, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of such transaction party setting out the name and signature of such person and confirming such person's authority to act,

Available Principal Receipts means for any Interest Payment Date an amount equal to the aggregate of, (without double counting)

- (a) (at any time prior to (i) the occurrence of a Term Out Event (other than a Category 3 Trigger Event that is deemed incapable of being cured in respect of Clause 12 1 2 of the Variable Funding Note Issuance Deed or a Term Out Event described in Clauses 12 1 3 or 12 1 4 of the Variable Funding Note Issuance Deed) or (ii) the final Interest Payment Date) any amounts (including any Principal Receipts) that have been credited to the Principal Ledger in accordance with the Transaction Documents which have been standing to the credit of the Principal Ledger for a period of 3 months since being credited thereto,
- (b) any amounts (including any Principal Receipts) received by the Issuer during the immediately preceding Collection Period that have been credited to the Principal Ledger in accordance with the Transaction Documents that are designated as Available Principal Receipts by the Cash Manager,
- (c) any Available Revenue Receipts applied as principal pursuant to item (i) in the Pre-Enforcement Revenue Priority of Payments,
- (d) any amounts of any Class Z Drawing that have been standing to the credit of the Class Z Ledger for a period of 3 months since the date of the relevant Class Z Drawing, provided that such amount may only be applied in or towards redemption of the Class A1 Notes and the Class A2 Notes in accordance with the applicable Principal Priority of Payment,
- (e) any amounts recredited to the Transaction Account on the immediately preceding Interest Payment Date pursuant to Clauses 2 5, 4 4 or 20 5 2 of the Variable Funding Note Issuance Deed, and
- (f) in respect of (i) any Interest Payment Date following the occurrence of a Term Out Event (other than a Category 3 Trigger Event that is deemed incapable of being cured in respect of Clause 12 1 2 of the Variable Funding Note Issuance Deed or a Term Out Event described in Clauses 12 1 3 or 12 1 4 of the Variable Funding Note Issuance Deed), all amounts standing

to the credit of the Principal Ledger, or (ii) the final Interest Payment Date, all amounts standing to the credit of the Principal Ledger and the Class Z Ledger,

and for the avoidance of doubt the following shall not constitute Available Principal Receipts

- (h) any amounts standing to the credit of the Principal Ledger that are applied towards the purchase of New Loans and their Related Security other than on an Interest Payment Date in accordance with the relevant Principal Priority of Payments pursuant to the terms of the Mortgage Sale Agreement and the Cash Management Agreement,
- (i) (other than as provided in item (f)(ii) above) any Class Z Drawings that have been standing to the credit of the Class Z Ledger for a period of less than 3 months from the date of being credited thereto or that are applied towards the purchase of New Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement and the Cash Management Agreement,
- (j) any amounts standing to the credit of the Principal Ledger that are applied in or towards the payment of any Mandatory Repayment Amount and any Optional Redemption Repayment Amount pursuant to the terms of the Variable Funding Note Issuance Deed, and
- (k) any Class A1P Facility Drawings and Class A2 Facility Drawings that are applied to repay the Class A2 Facility and the Class A1P Facility respectively pursuant to the terms of the Variable Funding Note Issuance Deed

Available Revenue Receipts means, for each Interest Payment Date, an amount equal to the aggregate of (without double-counting)

- (a) Revenue Receipts received during the immediately preceding Collection Period,
- (b) interest payable to the Issuer on the Bank Accounts and income from any Authorised Investments, in each case, received during the immediately preceding Collection Period,
- (c) amounts standing to the credit of the Reserve Ledger as at the immediately preceding Collection Period End Date,
- (d) in the case of the first Interest Payment Date only, amounts standing to the credit of the Transaction Account in respect of amounts advanced under Tranche A of the Start-Up Loan to the extent such amounts have not been applied to pay the closing costs and expenses of the Issuer,
- (e) the amount of any Advance under Tranche C of the Start-Up Loan Agreement made with respect to the relevant Interest Payment Date,
- (f) any Available Principal Receipts to be applied on such Interest Payment Date pursuant to item (b) of the relevant Principal Priority of Payments to meet any Revenue Shortfall Amount,
- (g) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts, and
- (h) all transaction costs received by the Issuer from Lloyds pursuant to Clause 25.4 of the Variable Funding Note Issuance Deed,

less

- (i) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to)
 - (i) any fees received as a consequence of the early repayment of a Loan (**Early Repayment Charges**), and certain other fees charged by the Servicer in respect of its servicing of the Loans (together, the **Servicing Related Fees**),
 - (ii) payments of certain insurance premiums,
 - (iii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from the related Borrower's account, and
 - (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller,

(items within this clause (i) being collectively referred to herein as **Third Party Amounts**) Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere,

Back-Up Facilitator means Lloyds Bank,

BACS means the Bankers' Automated Clearing Services, as amended from time to time or any scheme replacing the same,

Bank Account Agreement means the agreement entered into on or about the Closing Date between the Account Bank, the Issuer, the Cash Manager, the Seller and the Security Trustee which governs the operation of the Bank Accounts (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Bank Accounts means the Transaction Account and any Additional Account(s) to be opened pursuant to the Bank Account Agreement,

Bank of England Base Rate means the Bank of England's official dealing rate (the repo rate) as set by the UK Monetary Policy Committee and, in the event that this rate ceases to exist or becomes inappropriate as an index for the Seller Standard Variable Rate, such alternative rate or index which is not controlled by the Seller, that the Seller considers to be the most appropriate in the circumstances,

Basel III means (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "*Basel III A global regulatory framework for more resilient banks and banking systems*," "*Basel III International framework for liquidity risk measurement, standards and monitoring*" and "*Guidance for national authorities operating the countercyclical capital buffer*" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated, (ii) the rules for global systemically important banks contained in "*Global systemically important banks assessment methodology and the additional loss absorbency requirement—Rules text*" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated, and (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III",

Basic Terms Modification has the meaning given to it in Condition 16.2 of the Class A1P Conditions, Condition 17.2 of the Class A2 Conditions, Condition 17.2 of the Class Z Conditions and Condition 16.2 of the Class A1R Conditions, as applicable,

Block Voting Instruction has the meaning given to it in Schedule 8 (Provisions for Meetings of Noteholders) of the Trust Deed,

Borrower means, in relation to a Loan, the individual or individuals specified as such in the relevant Mortgage Terms together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it,

Borrowing Base means an amount equal to (i) the sum of (A) the aggregate Current Balance of the Loans (excluding any written-off amounts) included in the Portfolio at such time, and (B) all amounts then standing to the credit of the Principal Ledger *less* (ii) the Required Credit Enhancement;

Borrowing Base Condition means the condition that, on or as at any relevant Drawing Date and following any relevant Drawing, the aggregate of all then Drawn Amounts shall not exceed the Borrowing Base,

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open for business in London,

Buy-to-Let Loans means Loans taken out by Borrowers in relation to the purchase or re-mortgage of properties for letting purposes,

C&G Loan means a Loan originated by Cheltenham & Gloucester plc a company incorporated in England and Wales and registered as a public company under the Companies Act 1985 with registered number 02299428, whose registered office is at Barnett Way, Gloucester, GL4 3RL,

Calculation Date means the date which occurs 2 Business Days prior to each Interest Payment Date,

Capitalised Expenses means, in relation to a Loan, the amount of all expenses, charges, fees, premiums or payments capitalised and included in the principal amount outstanding in respect of such Loan in accordance with the relevant Mortgage Conditions,

Capitalised Interest means the aggregate increase in the principal amount outstanding of a Loan that occurs as a result of interest being charged and not paid by the Borrower,

Cash Management Agreement means the cash management agreement entered into on or about the Closing Date between the Cash Manager, the Issuer and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Cash Management Report means the report to be provided by the Cash Manager in accordance with Clause 7.4 of the Cash Management Agreement,

Cash Management Services means the cash management services set out in the Cash Management Agreement, including Schedule 1 (*Cash Management Services*) thereto,

Cash Manager means TSB Bank in its capacity as cash manager or any successor cash manager appointed from time to time as Cash Manager pursuant to the Cash Management Agreement,

Cash Manager Termination Event has the meaning given to it in Clause 11.1 (*Cash Manager Termination Events*) of the Cash Management Agreement,

Category 1 Trigger Event means that the aggregate amount of Losses is greater than or equal to 2 per cent of the then aggregate Current Balance of the Portfolio,

Category 2 Trigger Event means

- (a) following the application of any amounts payable pursuant to item (g) of the Pre-Enforcement Revenue Priority of Payments on any Interest Payment Date, the amount standing to the credit of the Reserve Fund is less than the Initial Reserve Fund Required Amount, and/or
- (b) the aggregate Current Balance of the Delinquent Loans in the Portfolio is greater than or equal to 0.05 per cent of the then aggregate Current Balance of the Portfolio,

Category 3 Trigger Event means a Listing Category 3 Trigger Event and/or a notification from the Cash Manager to the Issuer and the Class A1P Noteholder that another event constituting a Category 3 Trigger Event has occurred,

Category 4 Trigger Event means the occurrence of any one of the following events

- (a) an Insolvency Event in respect of the Class A2 Noteholder or TSB Bank,
- (b) a payment default by TSB Bank under an ISDA Master Swap Agreement dated 7 November 1996 between TSB Bank and Lloyds Bank in an amount equal to or greater than £10 million and subject to applicable grace periods under the relevant swap agreement,
- (c) an unremedied breach by TSB Bank (acting in any capacity) of any of its obligations under (i) the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect, or (ii) the Supplemental Agreement,
- (d) the occurrence of the Step-Up Date,
- (e) a failure by TSB Bank to fund a Mandatory Repayment Amount following a Mandatory Repayment Event in accordance with Clause 7 (Mandatory Repayment Events) of the Variable Funding Note Issuance Deed, and
- (f) a Mandatory Class Z Drawing Category 4 Trigger Event,

Certificate of Title means a solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of each Property substantially in the form of the pro forma set out in the Standard Documentation,

Charged Assets means the assets charged by the Issuer pursuant to Clause 3 (*Security and Declaration of Trust*) of the Deed of Charge,

Charged Transaction Documents means each of the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Declaration of Trust, any Scottish Sub-Securities and any Scottish Supplemental Charge) to which the Issuer is a party and all other contracts, documents, agreements and deeds to which the Issuer is, or may become, a party,

CHAPS or the Clearing House Automated Payment System means the UK payment system operated by CHAPS Clearing Company Limited for eligible Sterling fund transfers as amended from time to time or any scheme replacing the same,

Class in relation to the Notes means the Class A1P Notes, the Class A2 Notes, the Class A1R Notes or the Class Z Notes, as the context may require,

Class A Noteholders means the Class A1 Noteholder and the Class A2 Noteholder,

Class A1 Conditions means the Class A1P Conditions or the Class A1R Conditions, as the context may require,

Class A1 Noteholder means the holder of the Class A1P Notes or the Class A1R Notes (as applicable),

Class A1 Notes means the Class A1P Notes and the Class A1R Notes;

Class A1 Principal Amount Outstanding means the Class A1P Principal Amount Outstanding or the Class A1R Principal Amount Outstanding, as the context may require,

Class A1 Put Option has the meaning given to it in Clause 2.1 of the Variable Funding Note Issuance Deed Side Letter,

Class A1 Put Option Election has the meaning given to it in Clause 2.1(a) of the Variable Funding Note Issuance Deed Side Letter,

Class A1 Put Option Event has the meaning given to it in Clause 2.1 of the Variable Funding Note Issuance Deed Side Letter,

Class A1P Conditions means the terms and conditions of the Class A1P Notes as set out at Schedule 4 of the Trust Deed,

Class A1P Drawing Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts received by the Issuer under any Class A1P Facility Drawings and all amounts repaid under the Class A1P Facility in each case pursuant to the terms of the Variable Funding Note Issuance Deed and the Class A1P Conditions,

Class A1P Facility has the meaning given to it in Clause 2.1 (*Establishment of Class A1P Facility*) of the Variable Funding Note Issuance Deed,

Class A1P Facility Available Amount means at the date of determination (i) prior to a Term Out Event, the Class A1P Facility Maximum Amount *less* the Class A1P Facility Drawn Amount or (ii) upon and following the occurrence of a Term Out Event, zero,

Class A1P Facility Commitment Date means 1 June 2014, or such other date as may be agreed between the Class A1P Noteholder and the Issuer (or the Cash Manager on behalf of the Issuer) and may, for the avoidance of doubt, be a date other than an Interest Payment Date,

Class A1P Facility Commitment Fee means 0.30 per cent per annum of the then Class A1P Facility Available Amount at the time of determination,

Class A1P Facility Commitment Period has the meaning given to it in Clause 2.1 (*Establishment of Class A1P Facility*) of the Variable Funding Note Issuance Deed,

Class A1P Facility Commitment Period Scheduled End Date means 17 December 2018,

Class A1P Facility Drawing means the Closing Date Class A1P Facility Drawing, the Initial Committed Class A1P Facility Drawing or an Additional Class A1P Facility Drawing, as applicable,

Class A1P Facility Drawing Amount means the amount of the Closing Date Class A1P Facility Drawing, the Initial Committed Class A1P Facility Drawing Amount or an Additional Class A1P Facility Drawing Amount as applicable,

Class A1P Facility Drawing Date means, with respect to the Closing Date Class A1P Facility Drawing, the Closing Date, with respect to the Initial Committed Class A1P Facility Drawing, the Class A1P Facility Commitment Date and, with respect to any Additional Class A1P Facility Drawing, the Drawing Date set forth in the relevant Drawing Notice,

Class A1P Facility Drawn Amount means the then aggregate amount drawn under the Class A1P Facility as at any date of determination, which, for the avoidance of doubt, shall not include Class A1P Facility Drawn Amounts previously repaid,

Class A1P Facility Drawn Margin means 0.60 per cent per annum,

Class A1P Facility Limit means £2.5 billion,

Class A1P Facility Maximum Amount at any time means the lesser of

- (a) the Class A1P Facility Limit,
- (b) following a Mandatory Reduction Event, the then reduced maximum facility amount calculated in accordance with Clause 8 (Mandatory Reduction of the Class A1P Facility Available Amount) of the Variable Funding Note Issuance Deed, and
- (c) such other amount (provided, for the avoidance of doubt, that it shall be less than the amount determined pursuant to (a) and (b) above) as the Issuer may request with respect to any Interest Payment Date during the Class A1P Facility Commitment Period provided that the Class A1P Noteholder has received written notice of such amendment by no later than 5 Business Days prior to the Interest Payment Date on which such amendment is to take effect,

and provided further that at all times (i) the Class A1P Facility Maximum Amount cannot be less than the then outstanding Class A1P Facility Drawn Amount and (ii) as at any Drawing Date, a Class A1P Facility Drawing shall not breach the Borrowing Base Condition or, if it shall breach the Borrowing Base Condition, the Class A1P Facility Maximum Amount shall be reduced by such an amount required to ensure compliance with the Borrowing Base Condition,

Class A1P Facility Uncommitted Period has the meaning given to it in Clause 2.1 (*Establishment of Class A1P Facility*) of the Variable Funding Note Issuance Deed,

Class A1P Note Coupon Rate has the meaning given to it in Condition 6.3 (*Class A1P Note Coupon Rate*) of the Class A1P Conditions,

Class A1P Noteholder means the holder(s) of the Class A1P Notes from time to time,

Class A1P Noteholder Illegality Event means the occurrence of an event which causes the Class A1P Noteholder to no longer be permitted to (i) hold the relevant Class A1P Notes, (ii) allow the Class A1P Notes to remain outstanding, or (iii) fund a Class A1P Facility Drawing, whether pursuant to a change in or amendment to applicable law or regulation or, in the application or official interpretation of such laws or regulations or as may be required by any governmental, regulatory or supervisory authority,

Class A1P Noteholder Increased Costs Event means

- (a) a reduction in the rate of return from the Class A1P Facility or in the Class A1P Noteholder's overall capital,
- (b) an additional or increased cost, or
- (c) a reduction in any amount due and payable under the Class A1P Facility which is incurred or suffered by the Class A1P Noteholder to the extent that it is attributable to the Class A1P Noteholder having entered into its commitment to provide the Class A1P Facility or funding or performing its obligations under any Transaction Document,

in each case resulting from

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the Closing Date including, without limitation, the application of any withholding tax by the Issuer,
- (ii) compliance with any law or regulation made after the Closing Date, or
- (iii) the applicability of any law, rule, regulation or guideline existing on the Closing Date and adopted after the Closing Date pursuant to or arising out of Basel III or any successor paper or consultative package existing on the Closing Date and adopted after the Closing Date, provided, that amounts which arise by reason of any implementation of Basel III are not considered increased costs unless related to terms or with effects not reasonably foreseeable as at the Closing Date,

Class A1P Notes means the variable funding notes due August 2058 issued by the Issuer on the Closing Date,

Class A1P Principal Amount Outstanding means, as at any date of determination, the total principal amount of all drawings under the Class A1P Notes on and since the Closing Date *less* the aggregate amount of all principal payments in respect of such Class A1P Notes which have been made since the Closing Date and not later than such date of determination (which, for the avoidance of doubt, shall always equal the Class A1P Facility Drawn Amount),

Class A1P Step-Up Margin means the Class A1P Facility Drawn Margin *plus* 0.60 per cent per annum,

Class A1R Conditions means the terms and conditions of the Class A1R Notes as set out at Schedule 7 of the Trust Deed,

Class A1R Definitive Notes means any Class A1R Note in definitive form,

Class A1R Global Notes means the global notes in registered form issued in respect of the Class A1R Notes, each a **Class A1R Global Note**,

Class A1R Margin has the meaning given to it in Condition 6.3 (*Class A1R Note Coupon Rate*) of the Class A1R Conditions,

Class A1R Note Coupon Rate has the meaning given to it in Condition 6.3 (*Class A1R Note Coupon Rate*) of the Class A1R Conditions,

Class A1R Noteholders means the holder(s) of the Class A1R Notes from time to time,

Class A1R Notes means the Class A1R Notes due August 2058 issued by the Issuer on the Closing Date,

Class A1R Note Subscriber means Lloyds Bank,

Class A1R Principal Amount Outstanding means, (i) the initial principal amount of the Class A1R Notes on the date of the Class A1 Put Option as may be written-down to the then Class A1P Principal Amount Outstanding pursuant to Clause 2 of the Variable Funding Note Issuance Deed Side Letter *less* (ii) the aggregate amount of any principal payments in respect of that Class A1R Notes which have become due and payable (and been paid) on or prior to that day,

Class A1R Step-Up Margin has the meaning given to it in Condition 6 3 (*Class A1R Note Coupon Rate*) of the Class A1R Conditions,

Class A2 Conditions means the terms and conditions of the Class A2 Notes as set out at Schedule 5 of the Trust Deed,

Class A2 Drawing Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts received by the Issuer under any Class A2 Facility Drawings and all amounts repaid under the Class A2 Facility in each case pursuant to the terms of the Variable Funding Note Issuance Deed and the Class A2 Conditions,

Class A2 Facility has the meaning given to it in Clause 4 1 (*Establishment of Class A2 Facility*) of the Variable Funding Note Issuance Deed,

Class A2 Facility Available Amount means the Class A2 Facility Maximum Amount *less* the Class A2 Facility Drawn Amount,

Class A2 Facility Availability Period means the period commencing on the Closing Date and ending on the date on which the Class A1 Notes have been repaid in full and cancelled in accordance with the relevant Conditions,

Class A2 Facility Drawing means the Initial Class A2 Facility Drawing or an Additional Class A2 Facility Drawing, as applicable,

Class A2 Facility Drawing Amount means the Initial Class A2 Facility Drawing Amount or an Additional Class A2 Facility Drawing Amount, as applicable,

Class A2 Facility Drawing Date has the meaning given to it in the relevant Drawing Notice,

Class A2 Facility Drawn Amount means the then aggregate amount drawn under the Class A2 Facility as at any date of determination, which, for the avoidance of doubt, shall not include Class A2 Facility Drawn Amounts previously repaid,

Class A2 Facility Maximum Amount means £2 5 billion

Class A2 Note Coupon Rate has the meaning given to it in Condition 7 3 (*Class A2 Note Coupon Rate*) of the Class A2 Conditions,

Class A2 Noteholder means TSB Bank (subject to Clause 3 of the Note Transfer Side Letter),

Class A2 Notes means the Class A2 variable funding notes due August 2058 issued by the Issuer on the Closing Date,

Class A2 Principal Amount Outstanding means, as at any date of determination, the total principal amount of all drawings under the Class A2 Notes on and since the Closing Date *less* the aggregate amount of all principal payments in respect of such Class A2 Notes which have been made since the Closing Date and not later than such date of determination (which, for the avoidance of doubt, shall always equal the Class A2 Facility Drawn Amount),

Class Z Commitment Termination Date means the earlier of (i) the Final Legal Maturity Date and (ii) the date of the service of a Note Acceleration Notice,

Class Z Conditions means the terms and conditions of the Class Z Notes as set out at Schedule 6 of the Trust Deed

Class Z Drawing means the Class Z Subscription Amount or an Additional Class Z Drawing,

Class Z Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts received by the Issuer under any Class Z Drawing and all amounts repaid under the Class Z Facility in each case pursuant to the terms of the Variable Funding Note Issuance Deed, the Class Z Conditions and the Cash Management Agreement,

Class Z Event of Default has the meaning given to it in Condition 8.1 (*Class Z Event of Default*) of the Class Z Conditions,

Class Z Facility has the meaning given to it in Clause 18.1 (*Establishment of the Class Z Facility*) of the Variable Funding Note Issuance Deed,

Class Z Facility Available Amount means the Maximum Class Z Facility Amount *less* the Class Z Facility Drawn Amount,

Class Z Facility Drawn Amount means the then aggregate amount drawn under the Class Z Facility as at any date of determination, which, for the avoidance of doubt, shall not include Class Z Facility Drawn Amounts previously repaid,

Class Z Facility Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts received by the Issuer under any Class Z Drawings and all amounts repaid under the Class Z Facility pursuant to the terms of the Variable Funding Note Issuance Deed and the Class Z Conditions,

Class Z Note means the Class Z Notes due August 2058 issued by the Issuer on the Closing Date,

Class Z Note Coupon Rate has the meaning given to it in Condition 6.3 (*Class Z Note Coupon Rate*) of the Class Z Conditions,

Class Z Noteholder means TSB Bank,

Class Z Principal Amount Outstanding means, as at any date of determination, the total principal amount of all drawings under the Class Z Notes on and since the Closing Date *less* the aggregate amount of all principal payments in respect of such Class Z Notes which have been made since the Closing Date and not later than such date of determination (which, for the avoidance of doubt, shall always equal the Class Z Facility Drawn Amount),

Class Z Subscription Amount means £425,000,000,

Clearing Event has the meaning given to it in Clause 2.4(a) (*Class A1R Notes*) of the Trust Deed,

Clearing System means Euroclear and Clearstream, Luxembourg or any other Acceptable Clearing House, as applicable,

Clearstream, Luxembourg means Clearstream Banking, *société anonyme*,

Closing Date means 20 May 2014,

Closing Date Class A1P Facility Drawing has the meaning given to it in Clause 2.2.1 of the Variable Funding Note Issuance Deed,

CML means the Council of Mortgage Lenders in the United Kingdom,

Code means the US Internal Revenue Code of 1986,

Collection Account means the Sterling account in the name of TSB Bank held with the Collection Account Bank or such additional or replacement bank account at such other Collection Account Bank,

Collection Account Bank means Lloyds Bank (or its successors or assigns) acting in its capacity as the bank at which the Collection Account(s) in respect of the Loans are maintained,

Collection Account Bank Required Ratings means (a) (i) a long-term issuer credit rating of at least “BBB” by S&P where the short-term rating is at least “A-2” or a long-term issuer credit rating of “BBB+” where the short-term rating is below “A-2” or there is no short-term rating, (ii) a long-term, unsecured, unguaranteed and unsubordinated rating of at least “BBB+” by Fitch and a short-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least “F2” by Fitch, or (iii) a long-term, unsecured, unguaranteed and unsubordinated rating of at least “BBB (low)” by DBRS, or (b) such other lower rating (i) which is consistent with the then current rating methodology of such relevant Rating Agency, or (ii) with respect to which the Cash Manager certifies in writing to the Note Trustee and the Security Trustee it has received a Ratings Confirmation,

Collection Period means the quarterly period commencing on and including the first day of February, May, August and November and ending on and including the next following Collection Period End Date except that the first Collection Period will commence on the Closing Date and end on and include the next following Collection Period End Date falling on 31 July 2014,

Collection Period End Date means the last day of the calendar quarter immediately preceding each Calculation Date,

Companies Act has the meaning given to the term “Companies Acts” in section 2 of the Companies Act 2006, with the addition of the words “to the extent that they are in force” at the end of section 2(1)(a) (as it applies to limited liability partnerships) and any regulations made pursuant to those acts to the extent that they are in force,

Company Administration Services has the meaning given to it in Clause 2.1 (*Duties and Responsibilities*) of the Corporate Services Agreement,

Conditions or Terms and Conditions mean the Class A1P Conditions, the Class A1R Conditions, the Class A2 Conditions and/or the Class Z Conditions, as the context may require,

Controlling Class means

- (a) until such time as the Class A1P Notes are repaid in full and cancelled, the Class A1P Noteholder, and thereafter,
- (b) until such time as the Class A1R Notes are repaid in full and cancelled, the Class A1R Noteholders, and thereafter,
- (c) the Class A2 Noteholder,

provided that, in relation to the Class A1R Notes, in the event that there are multiple Class A1R Noteholders, any directions or instructions shall be deemed to be validly given if issued in writing by a Majority of the Class A1R Notes

Corporate Services has the meaning given to it in Clause 2 1 (*Duties and Responsibilities*) of the Corporate Services Agreement,

Corporate Services Agreement means the agreement entered into on or about the Closing Date and made between the Corporate Services Provider, the Share Trustee, Holdings, the Issuer and the Seller for the provision by the Corporate Services Provider of certain corporate services to the Issuer and Holdings (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Corporate Services Fee Letter has the meaning given to it in Clause 1 2 (*Definitions and interpretation*) of the Corporate Services Agreement,

Corporate Services Provider means Structured Finance Management Limited (registered number 03853947), a private limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St Helen's, London EC3A 6AP or such other person or persons for the time being acting as Corporate Services Provider to the Issuer and Holdings under the Corporate Services Agreement,

CRR means Article 405(d) of Regulation (EU) No 575/2013,

CTA 2009 means the Corporate Tax Act 2009,

Current Balance means, in relation to any Loan at any date, the aggregate balance of the Loan at such date (but avoiding double counting) including

- (a) the Initial Advance,
- (b) any increase in the principal amount of a Loan due to any Further Advance,
- (c) Capitalised Expenses,
- (d) Capitalised Interest, and
- (e) all expenses charges, fees, premium or payment due and owing by the Borrower which have not yet been capitalised (including high loan-to-value fees, insurance premiums, booking fees and valuation fees),

in each case, relating to such Loan *less* all prepayments, repayments or payments of any of the foregoing made on or prior to such date, and, in relation to the Portfolio, the aggregate of the Current Balances of each Loan in the Portfolio,

Custodian means The Bank of New York Mellon, London Branch, a New York banking corporation whose London branch address is at, One Canada Square, London E14 5AL, acting as Custodian

under the terms of the Custody Agreement, or such other person as may from time to time be appointed as Custodian pursuant to the Custody Agreement,

Custody Agreement means the custody agreement entered into on or about the Closing Date between, *inter alios*, the Issuer and the Custodian (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Customer Files means the file or files relating to each Loan and its Related Security containing, *inter alia*

- (a) all material correspondence relating to that Loan and its Related Security, and
- (b) the completed mortgage documentation applicable to the Loan and its Related Security (other than the Title Deeds) including the Valuation Report and the Certificate of Title (where applicable),

whether original documentation, in electronic form or otherwise,

Data Controller means the Issuer,

Data Processor means the Servicer,

Data Protection Act means the Data Protection Act 1998, as amended from time to time,

Data Subject shall have the same meaning as is assigned to it in the Data Protection Act,

DBRS means DBRS Ratings Limited and includes any successor to its ratings business,

D.D. Date means the date of delivery to the Account Bank or BACS (as the case may be) of such instructions as may be necessary from time to time for the debit of a Borrower's account in respect of which there is a direct debit mandate,

Deed of Charge means the deed of charge entered into on or about the Closing Date between, *inter alios*, the Issuer and the Security Trustee pursuant which the Issuer grants the Security in favour of the Security Trustee for the benefit of the Secured Creditors (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Deed of Consent means a deed whereby a person in or intended to be in occupation of a Property agrees with the Seller to postpone his or her interest (if any) in the Property so that it ranks after the interest created by the relevant Mortgage (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Deferred Consideration means the consideration payable to the Seller in respect of the Loans sold to the Issuer from time to time, which is due and payable under the Mortgage Sale Agreement in accordance with the relevant Priorities of Payment after making payments of a higher order of priority as set out in the relevant Priorities of Payments,

Definitive Notes means the Global Notes in definitive form,

Definitive Registered Notes has the meaning given to it in the applicable Conditions,

Delinquent Loan means a Loan more than 90 days in arrears,

Determination Date means the first day of the Interest Period for which the interest rate will apply,

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services,

Directive means Council Directive 2003/48/EC on the Taxation of Savings Income,

Discretionary Rate means the Seller Standard Variable Rate, the Other Discretionary Variable Rate or any other discretionary rate applicable for the life of any Loan,

Discounted Variable Rate Loans means Loans which allow the Borrower to pay interest at a specified discount to the Seller Standard Variable Rate,

Drawing Amount means the relevant amount set forth as such on the relevant Drawing Notice,

Drawing Date means a Class A1P Facility Drawing Date or a Class A2 Facility Drawing Date, as applicable,

Drawing Ledgers means the Class A1P Drawing Ledger, the Class A2 Drawing Ledger and the Class Z Drawing Ledger, as applicable,

Drawing Notice means a notice sent by the Issuer to a Noteholder pursuant to Clauses 2 2 (*Obligation to subscribe and Class A1P Facility Drawings*) and Clauses 4 3 (*Obligation to subscribe and Class A2 Facility Drawings*) of the Variable Funding Note Issuance Deed in the form set out at Part B (*Form of Drawing Notice*) of Schedule 5 (*Forms of Notices*) of the Variable Funding Note Issuance Deed,

Drawings means the Class A1P Facility Drawing, the Class A2 Facility Drawing and the Class Z Drawing, as the context requires,

Drawn Amounts means the Class A1P Facility Drawn Amount and the Class A2 Facility Drawn Amount,

Drawstop Event has the meaning given to it in Clause 13 (*Class A1P Facility Drawstop Event*) of the Variable Funding Note Issuance Deed,

EEA means European Economic Area,

Electronic Notification of Discharge means an electronic notification of the discharge of a mortgage or charge, sent to the Land Registry in lieu of a paper discharge,

Eligible Person has the meaning given to it in Schedule 8 (*Provisions for Meetings of Noteholders*) to the Trust Deed,

Encumbrance has the same meaning as **Security Interest**,

Enforcement Procedures means the procedures for the enforcement of Mortgages undertaken by the Servicer from time to time in accordance with the Seller's Policy,

English Loan or English Mortgage Loan means a Loan secured by an English Mortgage,

English Mortgage means a first ranking legal charge secured over a freehold or leasehold property located in England or Wales,

English Registered Land means land in England and Wales title to which is, or is required to be, registered at the Land Registry,

English Registered Transfer means a deed of transfer of a Mortgage or Mortgages over English Registered Land substantially in the form set out in Schedule 2 (*English Registered Transfer*) to the Mortgage Sale Agreement with such modifications as may be required from time to time,

English Unregistered Land means land in England and Wales title to which is not, and is not required to be, registered at the Land Registry,

English Unregistered Transfer means a deed of transfer of a Mortgage or Mortgages over English Unregistered Land substantially in the form set out in Schedule 3 (*English Unregistered Transfer*) to the Mortgage Sale Agreement with such modifications as may be required from time to time,

EU Insolvency Regulation means Council Regulation (EC) No 1346/2000 of 29 May 2000,

Euroclear means Euroclear Bank S A /N V , and any successor to such business,

Event of Default means a Senior Note Event of Default or a Class Z Event of Default, as applicable,

Exiting Noteholder has the meaning given to it in Clause 28.1.2 (a) of the Variable Funding Note Issuance Deed,

Extraordinary Resolution has the meaning given to it in Schedule 8 (*Provisions for Meetings of Noteholders*) of the Trust Deed,

Facilities means the Class A1P Facility, the Class A2 Facility and the Class Z Facility,

Fast Track Loans means Loans where, based upon an assessment of risk, the application was underwritten without requesting the applicants to provide evidence of the declared income,

FATCA Withholding Tax or **FATCA Withholding** means any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement),

FCA means UK Financial Conduct Authority, known before 1 April 2013 as the UK Financial Services Authority, and any successor regulatory authority to the FCA,

Final Discharge Date means the date on which all Secured Obligations have been discharged in full,

Final Legal Maturity Date means the Interest Payment Date falling in August 2058,

Final Redemption means the date on which all monies and other liabilities for the time being due or owing by the Issuer to the Note Trustee on behalf of the Noteholders have been paid in full,

Financial Services Register means the register of authorisations and permissions maintained by the Financial Conduct Authority,

Financial Year means the 12-month period ending on the last day of the calendar year,

Fitch means Fitch Ratings Ltd and includes any successor to its ratings business,

Fixed Rate Loans means those Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller,

FPS or the Faster Payments Service means the UK payment system operated by Faster Payments Scheme Limited for eligible Sterling fund transfers as amended from time to time or any scheme replacing the same,

FSA means the UK Financial Services Authority,

FSMA means the Financial Services and Markets Act 2000, as amended from time to time,

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage,

General Loan Conditions means the relevant terms and conditions set out in the Standard Documentation,

Governmental Authority means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government,

HMRC means Her Majesty's Revenue & Customs,

Holding Company means a holding company as defined in section 1159 of the Companies Act 2006,

Holdings means Cape Holdings No 1 Limited (registered number 08821210), a private limited company incorporated under the laws of England and Wales, whose registered office is at c/o Structured Finance Maintenance Limited, 35 Great St Helen's, London, EC3A 6AP,

Holdings Declaration of Trust means the declaration of trust dated 12 February 2014 pursuant to which the Share Trustee holds the beneficial interest in the share of Holdings on trust for certain discretionary purposes,

ICSD has the meaning given to it in Schedule 3 (*Additional Duties of the Principal Paying Agent*) to the Agency Agreement,

IFRS means the International Financial Reporting Standards,

In Arrears or in arrears means, in respect of a Mortgage Account, that one or more Monthly Payments in respect of such Mortgage Account have become due and remain unpaid (either in whole or in part) by a Borrower (for the avoidance of doubt, amounts which are overdue in respect of such Mortgage Account and which as at the relevant date have been included in the Current Balance of the relevant Loan in accordance with the Mortgage Terms or otherwise by arrangement with relevant Borrower shall no longer be considered In Arrears),

Indemnified Claim has the meaning given to it in Clause 11 6 (*Indemnity*) of the Corporate Services Agreement,

Indemnified Persons means, with respect to the Corporate Services Agreement, the Corporate Services Provider and all Associated Persons of the Corporate Services Provider,

Indexed LTV means the ratio (expressed as a percentage) of the Current Balance of the relevant Loan divided by the indexed valuation of the relevant Property based on Halifax House Price Index, from the date of the latest recorded Valuation of the Property to the Closing Date,

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller including any retention(s) advanced to the relevant Borrower in accordance with the Mortgage Conditions after completion of the Mortgage but excluding any Further Advance relating to any such Loan,

Initial Class A2 Facility Drawing has the meaning given to it in Clause 4.3.1 of the Variable Funding Note Issuance Deed,

Initial Class A2 Facility Drawing Amount means the amount of the Initial Committed Class A2 Facility Drawing as set out in the relevant Drawing Notice which must be in an amount equal to or greater than £10 million,

Initial Committed Class A1P Facility Drawing means the drawing under the Class A1P Facility on the Class A1P Facility Commitment Date in an amount equal to the Initial Committed Class A1P Facility Drawing Amount,

Initial Committed Class A1P Facility Drawing Amount means the amount of the Initial Committed Class A1P Facility Drawing as specified in the relevant Drawing Notice and which must be in an amount equal to or greater than £10 million,

Initial Conditions Precedent means the conditions precedent as set out at Schedule 3 (Initial Conditions Precedent) of the Variable Funding Note Issuance Deed,

Initial Consideration means an amount equal to the aggregate Current Balance of the Loans in the Initial Portfolio on the Closing Date which is the consideration for the Seller's sale to the Issuer of the relevant Loans and their Related Security comprising the Initial Portfolio,

Initial Loan means each Loan sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement,

Initial Portfolio means the portfolio of the Initial Loans, the Initial Related Security and all rights, interest, benefit, income and payments therein including, for the avoidance of doubt, those set out in Clause 2.2 (*General*) of the Mortgage Sale Agreement,

Initial Related Security means the Related Security in respect of the Initial Loans sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement,

Initial Reserve Fund Required Amount will be an amount equal to £73,000,000 (being an amount equal to 2.5 per cent of the Principal Amount Outstanding of the Notes as at the Closing Date);

Insolvency Act means the Insolvency Act 1986,

Insolvency Event means, in respect of the Servicer, the Corporate Services Provider or the Cash Manager (each, for the purposes of this definition, a **Relevant Entity**)

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity, or
- (b) the Relevant Entity ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent, or

- (c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent) or other similar laws, save where such proceedings are being contested in good faith, or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the Relevant Entity or the appointment of an administrator takes effect, or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 15 Business Days, or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness,

Insurance Acknowledgement means, in the case of the Insurance Policies, a duly executed letter from the relevant insurer substantially in the form set out in Schedule 8 (*Insurance Acknowledgement*) to the Mortgage Sale Agreement,

Insurance Policies means the Properties in Possession Cover and Insurance Policy shall be construed accordingly,

Interest Only Loan means a Loan whereby the Borrower is only required to pay interest during the term of the Loan with the principal being repaid in a lump sum on maturity of the Loan,

Interest Payment Date means the 17th day of May, August, November and February of each year (commencing from the Closing Date), unless such date is not a Business Day in which case it will be the next following Business Day,

Interest Period means in respect of interest payments made in respect of the Notes, the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date,

Interest Rate Shortfall Test has the meaning given to it in Clause 4 3(a) (*Interest Rate Shortfall Test and Interest Shortfall*) of the Servicing Agreement,

Interest Shortfall has the meaning given to it in Clause 4 3(a) (*Interest Rate Shortfall Test and Interest Shortfall*) of the Servicing Agreement,

IOA has the meaning given to it in Schedule 3 (*Additional Duties of the Principal Paying Agent*) to the Agency Agreement,

Irrecoverable VAT means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a **Relevant Party**) as part of a payment in respect of which it is entitled to be reimbursed or indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT,

ISDA means the International Swaps and Derivatives Association, Inc ,

Issuer means Cape Funding No 1 PLC (registered number 08821279), a public limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St Helen's, London, EC3A 6AP,

Issuer Covenants means the covenants of the Issuer set out at Part B (*Covenants*) of Schedule 1 (*Issuer Representations, Warranties and Covenants*) of the Variable Funding Note Issuance Deed,

Issuer Power of Attorney means the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge and entered into on or about the Closing Date, substantially in the form set out in Schedule 1 (*Power of Attorney*) to the Deed of Charge,

Issuer Profit Amount means £1,250,

Issuer Profit Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer record all amounts under item (e) of the Pre-Enforcement Revenue Priority of Payments or item (j) of the Post-Enforcement Priority of Payments, as applicable, received by the Issuer,

Issuer Repeating Warranties means the Issuer Warranties set out at Paragraphs 1 (*Incorporation*), 2 (*Centre of Main Interests*), 3 (*Tax Residence*), 6 (*Litigation*), 11 (*No Adverse Change*), 13 (*No Governmental Investigation*), 14 (*Corporate Power*), 15 (*Authorisation*), 17 (*No Breach of Law or Contract*), 18 (*Valid and Binding Obligations*), 19 (*Status of the Notes*), 23 (*Security*), 24 (*Encumbrances Valid and Binding*), 25 (*Ranking of Claims*), 26 (*Choice of Law*), 27 (*Filings*) and 28 (*Event of Default*) of Part A (*Representations and Warranties*) of Schedule 1 (*Issuer Representations, Warranties and Covenants*) of the Variable Funding Note Issuance Deed,

Issuer Warranties means the representations and warranties of the Issuer set out at Part A (*Representations and Warranties*) of Schedule 1 (*Issuer Representations, Warranties and Covenants*) of the Variable Funding Note Issuance Deed,

ITA 2007 means the Income Tax Act 2007,

Land Registry means the body responsible for recording details of land in England and Wales,

Ledgers means the Principal Ledger, the Revenue Ledger, the Reserve Ledger, each Drawings Ledger and the Principal Deficiency Ledger,

Lending Criteria means the lending criteria contained in Schedule 5 (*Lending Criteria*) to the Mortgage Sale Agreement or such other lending criteria from time to time as would be acceptable to a Reasonable Prudent Mortgage Lender,

Liability and Liabilities means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability including, but without limitation, legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof),

LIBOR means the London Interbank Offered Rate or such successor or replacement benchmark reference rate as may be notified by any benchmark administrator to the public from time to time,

Listing Category 3 Trigger Event means failure to obtain the then required listing of the Class A1R Notes subject to and in accordance with the terms of Clause 15 (*Listing and Clearing of Class A1R Notes*) of the Variable Funding Note Issuance Deed,

Lloyds or Lloyds Bank means Lloyds Bank plc, whose registered office is at 25 Gresham Street, London EC2V 7HN or its successors or assigns,

Lloyds Banking Group means Lloyds Banking Group plc (or its successors or assigns) and its subsidiary undertakings from time to time,

Lloyds Loan means a Loan originated prior to 1 January 2014,

Loan or Mortgage Loan means each mortgage loan (including, for the avoidance of doubt, any English Loan or any Scottish Loan) which is to be sold, assigned or transferred by the Seller to the Issuer from time to time under the terms of the Mortgage Sale Agreement (or, in the case of Scottish Loans, pursuant to a Scottish Declaration of Trust) and referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to that mortgage loan under the relevant Mortgage Terms by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding any mortgage loan which is repurchased by the Seller or otherwise sold by the Issuer and no longer beneficially owned by it,

Loan Conditions means the terms and conditions applicable to a loan as contained in the Seller's General Loan Conditions, applicable from time to time,

Loan Files means all correspondence, documentation and other paperwork held by the Seller in relation to a Loan,

Loan Repurchase Notice means a notice substantially in the form set out in Part 1 (*Loan Repurchase Notice*) of Schedule 7 (*Loan repurchase documentation*) to the Mortgage Sale Agreement,

Loan Warranties means the representations and warranties set out in Schedule 1 (*Loan Warranties*) to the Mortgage Sale Agreement,

Loss and Losses means all realised losses on the Loans including any loss to the Issuer as a result of an exercise of any set-off by any Borrower,

LP (MP) Act means the Law of Property (Miscellaneous Provisions) Act 1994;

LTV, LTV ratio or loan-to-value ratio means the ratio (expressed as a percentage) of the Current Balance of a Loan to the value of the Property securing that Loan,

Majority means, with respect to any Class of Notes, the holders of more than 50 per cent of the aggregate Principal Amount Outstanding of the Notes of such Class (or with respect to the Class A1P Notes, the Class A2 Notes and the Class Z Notes, the holder of more than 50 per cent of the aggregate total commitments under the related Facility),

Mandatory Class Z Drawing has the meaning given to it in Clause 19.1 of the Variable Funding Note Issuance Deed,

Mandatory Class Z Drawing Amount has the meaning given to it in Clause 19.2 of the Variable Funding Note Issuance Deed,

Mandatory Class Z Drawing Category 4 Trigger Event has the meaning given to it in Clause 19.5 of the Variable Funding Note Issuance Deed,

Mandatory Repayment Amount has the meaning given to it in Clause 7.1 of the Variable Funding Note Issuance Deed,

Mandatory Repayment Date means the date on which a Mandatory Repayment Amount is due and payable by the Issuer to the Class A1P Noteholder in accordance with Clause 7.1 of the Variable Funding Note Issuance Deed,

Mandatory Repayment Event has the meaning given to it in Clause 7.1 of the Variable Funding Note Issuance Deed,

Mandatory Reduction Event has the meaning given to it in Clause 8 (*Mandatory Reduction of the Class A1P Facility Available Amount*) of the Variable Funding Note Issuance Deed,

Master Definitions and Construction Schedule means this master definitions and construction schedule,

Material Adverse Effect means, as the context requires

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents or the Notes,
- (b) a material adverse effect on the collectability or receipt by or on behalf of the Issuer of any principal receipts or revenue receipts or sale proceeds in respect of the Loans,
- (c) a material adverse effect on the right, title, interests and/or benefit of the Issuer or the Security Trustee in the Loans or in any other Charged Assets or the ability of the Security Trustee to enforce the Security or the priority of any Security,
- (d) an adverse effect on the business, operations, assets, property, condition (financial or otherwise) or prospects of any person which is material in the context of the Transaction or on the ability of such person to perform its obligations under any of the Transaction Documents,
- (e) a material adverse effect on the Class A1 Notes or the Class A1 Noteholders, or
- (f) a failure in the provision of information to any Transaction Party which is material in the context of the Transaction,

Maximum Class Z Facility Amount means £425,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z Noteholder and the Majority of the Controlling Class, and notified to the Note Trustee,

MCOB means the FCA's Mortgages and Home Finance Conduct of Business Sourcebook,

Member State means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty,

MHA/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby,

Minimum Note Balance means

- (a) in the context of the Class A1P Notes, prior to the earlier of (i) the date of a Term Out Event and (ii) the date on which the Class A1P Notes are redeemed in full and cancelled in accordance with the Class A1P Conditions, £1 million and thereafter zero,

- (b) in the context of the Class A2 Notes, prior to the earlier of (i) the service of a Note Acceleration Notice and (ii) the date on which the Class A2 are redeemed in full and cancelled in accordance with the Class A2 Conditions, £1 million and thereafter zero, and
- (c) in the context of the Class Z Notes, prior to the earlier of (i) the service of a Note Acceleration Notice and (ii) the date on which the Class Z Notes are redeemed in full and cancelled in accordance with the Class Z Conditions, £1 million and thereafter zero,

Monthly Payment means the amount which the relevant Loan Conditions require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Loan,

Monthly Payment Date means the date in each month on which interest (and principal in relation to a Repayment Loan) is due to be paid by a Borrower on a Loan under the applicable Mortgage Terms,

Mortgage means each English Mortgage and each Scottish Mortgage, and together the **Mortgages**,

Mortgage Account means all Loans secured on the same Property and thereby forming a single mortgage account,

Mortgage Conditions means the terms and conditions applicable to a Loan and/or Mortgage as contained in the Seller's "Mortgage Conditions" booklet applicable from time to time and the Offer Conditions,

Mortgage Sale Agreement means the mortgage sale agreement entered into on or about the Closing Date and made between the Seller, the Issuer, the Security Trustee and the Servicer in relation to the sale of the Loans to the Issuer (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Mortgage Terms means all the terms and conditions applicable to a Loan and/or Mortgage, including, without limitation, the applicable Mortgage Conditions, Loan Conditions and Offer Conditions,

Mortgaged Property has the same meaning as Property;

Mortgagee means the person for the time being entitled to exercise the rights of the mortgagee or (in Scotland) heritable creditor under a Mortgage,

Most Senior Class of Notes means the most senior ranking Class or Classes of Notes in the Post-Acceleration Priority of Payments,

New Company has the meaning given to it in Clause 26 1(a) of the Trust Deed,

New Loans means any loans sold to (or in the case of Scottish Loans, held under a Scottish Declaration of Trust) the Issuer by the Seller on any Sale Date after the Closing Date,

New Loan Product means a type of mortgage loan that is not included in the Portfolio as at the relevant date and which has not previously been the subject of and a legal opinion relating to matters of enforceability and true sale and a legal due diligence report as set out in Clause 4.4 of the Mortgage Sale Agreement. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Product if it differs from any of the Loans in the Portfolio solely due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate,

New Loan Provider means a new loan provider to whom the Start-Up Loan Provider may assign and/or transfer and/or novate its rights and/or obligations under the Start-Up Loan, as set out in Clause 13 (*Assignment and/or transfer by the Start-Up Loan Provider*) of the Start-Up Loan Agreement,

New Portfolio Conditions has the meaning given to it in Clause 4.3 (*New Portfolio Conditions and Substitute Portfolio Conditions*) of the Mortgage Sale Agreement,

New Portfolio means the portfolio of the New Loans, the New Related Security and all rights, interest, benefit, income and payments therein, from time to time sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement,

New Portfolio Notice means a notice substantially in the form set out in Schedule 13 (*New Portfolio Notice*) to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement,

New Portfolio Purchase Price means the purchase price for the relevant New Portfolio that is equal to the aggregate of the Current Balances of the New Loans comprising the New Portfolio,

New Related Security means the new Related Security sold by the Seller to the Issuer on the Sale Date pursuant to the Mortgage Sale Agreement,

New TSB Loans means Mortgage Loans originated by the Seller on or after 1 January 2014,

Non-Delinquent Loans means any Loan that is not a Delinquent Loan,

Note Acceleration Notice means a notice issued by the Note Trustee to the Issuer declaring the Notes to be immediately due and repayable pursuant to Condition 8.1 (*Events of Default*) of the Class A1P Conditions, Condition 9.1 (*Events of Default*) of the Class A2 Conditions, Condition 8.1 (*Events of Default*) of the Class Z Conditions] or Condition 8.1 (*Events of Default*) of the Class A1R Conditions, as applicable,

Note Coupon Rate means the Class A1P Note Coupon Rate, the Class A2 Note Coupon Rate, the Class Z Note Coupon Rate and the Class A1R Note Coupon Rate, as applicable,

Note Transfer Side Letter means the side letter relating to the transfer of the Notes entered into on or about the Closing Date between TSB Bank, the Class A2 Noteholder, the Class Z Noteholder, Lloyds Bank and the Class A1P Noteholder,

Note Trustee means BNY Mellon Corporate Trustee Services Limited, a company incorporated pursuant to the laws of England and Wales with registered number 02631386 having its registered office at 1 Canada Square, London E14 5AL acting in its capacity as the trustee of the trusts created under the Trust Deed for the Noteholders (which expression includes such company and all other persons or companies, successors and co-trustees for the time being acting as trustee or trustees pursuant to the Trust Deed),

Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes,

Notes means the Class A1P Notes, the Class A1R Notes, the Class A2 Notes and/or the Class Z Notes, as the context may require,

Notice of Offer to Repurchase Loans means a notice substantially in the form set out in Part 2 (*Notice of offer to repurchase Loans*) of Schedule 7 (*Loan repurchase documentation*) to the Mortgage Sale Agreement,

Notification Agent has the meaning given to it in Clause 30 (*Notification Agent*) of the Deed of Charge,

Offer Conditions means the terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower,

Oldbury Amortisation Event has the meaning given to it in Clause 7.1.1 of the Variable Funding Note Issuance Deed,

Oldbury Closing Date means 4 March 2014,

Oldbury Documents means the mortgage sale agreement and the servicing agreement relating to the sale and servicing arrangements in respect of the Oldbury Portfolio, in each case dated the Oldbury Closing Date between TSB Bank and Bank of Scotland PLC,

Oldbury Portfolio means the portfolio of mortgage loans sold to TSB pursuant to the Oldbury Documents (excluding, in cases where the reference is to the Oldbury Portfolio at any time following the Oldbury Closing Date, any such mortgage loans that are no longer beneficially owned by TSB Bank in accordance with the terms of the Oldbury Documents),

Oldbury Portfolio Reconciliation Date means the last Business Day of each calendar month,

Oldbury Sale Event has the meaning given to it in Clause 7.1.2 of the Variable Funding Note Issuance Deed,

Optional Call Date means 17 December 2018;

Optional Redemption Repayment Amount has the meaning given to it in Clause 4.1.2 of the Variable Funding Note Issuance Deed,

Ordinary Resolution has the meaning given to it in Clause 1 (*Definitions*) of Schedule 8 (*Provisions for Meetings of Noteholders*) of the Trust Deed,

Other Discretionary Rate means the homeowner variable rate or HVR applicable to mortgage loans originated by Lloyds Bank after 1 June 2010,

Outstanding means, in relation to the Notes, all the Notes issued from time to time other than

- (a) those Notes which have been redeemed in full and cancelled pursuant to the relevant Conditions,
- (b) those Notes in respect of which the date for redemption in accordance with the relevant Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with the relevant Conditions) and remain available for payment against presentation of the relevant Notes,
- (c) those Notes which have been cancelled in accordance with Condition 4.11 (*Cancellation*) of the Class A1P Conditions, Condition 4.11 (*Cancellation*) of the Class A2 Conditions,

Condition 4 9 (*Cancellation*) of the Class Z Conditions or Condition 3 8 (*Cancellation*) of the Class A1R Conditions, as applicable,

- (d) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 13 6 (*Prescription*) of the Class A1P Conditions, Condition 14 6 (*Prescription*) of the Class A2 Conditions, Condition 14 6 (*Prescription*) of the Class Z Conditions or Condition 13 6 (*Prescription*) of the Class A1R Conditions, as applicable,
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to the relevant Conditions,
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Instrument) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant the relevant Conditions and the Agency Agreement, and
- (g) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

provided, that for each of the following purposes, namely

- (i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing as envisaged by the Trust Deed and any direction or request by the holders of Notes of any Class or Classes, and
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of the Trust Deed, Condition 8 1 (*Events of Default*) of the Class A1P Conditions, Condition 9 1 (*Events of Default*) of the Class A2 Conditions, Condition 8 1 (*Events of Default*) of the Class Z Conditions or Condition 8 1 (*Events of Default*) of the Class A1R Conditions, as applicable, and Condition 9 (*Acceleration*) of the Class A1P Conditions, Condition 10 (*Acceleration*) of the Class A2 Conditions, Condition 9 (*Acceleration*) of the Class Z Conditions or Condition 9 (*Acceleration*) of the Class A1R Conditions, as applicable,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, any holding company of the Issuer or any other Subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding,

Overcollateralisation Ratio means the aggregate Current Balance of the Non-Delinquent Loans divided by the sum of (i) the Class A1 Principal Amount Outstanding and (ii) the Class A2 Facility Principal Outstanding Amount,

Partial Redemption means when a Borrower makes a lump sum reduction on a Loan whereby the balance on which interest is charged will be reduced in accordance with the Mortgage Terms,

Participants means persons that have accounts with Euroclear or Clearstream, Luxembourg,

Payment Services Regulations means the Payment Services Regulations 2009 which implemented Directive 2007/64/EC of the European Parliament and of the Council of 13th November 2007 on payment services in the internal market and any successor legislation thereto,

PDL Cap Amount means an amount equal to the sum of (i) 50 per cent of the Class A1P Facility Maximum Amount and (ii) the Class Z Principal Amount Outstanding, in each case as at the Closing Date,

Performing Oldbury Portfolio means, at any date, those loans in the Oldbury Portfolio which are not written-off,

Personal Data means any information of whatever nature satisfying the definition of “personal data” in the Data Protection Act that, by whatever means, is provided to the Data Processor by the Data Controller, is accessed by the Data Processor on the authority of the Data Controller or is otherwise received by the Data Processor on the Data Controller’s behalf, for the purposes of the Processing specified in the Servicing Agreement,

Portfolio means the Initial Portfolio sold to the Issuer by the Seller on the Closing Date and any New Portfolio sold, or Substitute Portfolio transferred, to the Issuer by the Seller pursuant to the Mortgage Sale Agreement and all monies derived therefrom from time to time,

Portfolio Manager has the meaning given to it in Paragraph 6 of Schedule 7 (*Sale of Selected Loans*) of the Variable Funding Note Issuance Deed,

Post-Enforcement Priority of Payments means the manner and priority of payments in which amounts (other than those excluded under Clause 7.2 (*Post-Enforcement Priority of Payments*) of the Deed of Charge) will be applied following the service of a Note Acceleration Notice, as set out in Clause 7.2 (*Post-Enforcement Priority of Payments*) of the Deed of Charge,

Potential Event of Default means any event that would become, with the passage of time or the giving of Notice, an Event of Default,

PRA means the UK Prudential Regulation Authority, as subsidiary of the Bank of England, which effective 1 April 2013 assumed certain regulatory and supervisory responsibilities of the FSA, and any successor regulatory authority to the PRA,

Pre-Enforcement Principal Priorities of Payments means the “*Pre-Enforcement Principal Priority of Payments prior to a Category 2 Trigger Event, Category 3 Trigger Event and/or Category 4 Trigger Event or during a Category 1 Trigger Event*” or the “*Pre-Enforcement Principal Priority of Payments following a Category 2 Trigger Event, Category 3 Trigger Event and/or Category 4 Trigger Event*”, each as defined in Schedule 6 (*Pre-Enforcement Priorities of Payments*) of the Variable Funding Note Issuance Deed, as the context requires, and “**relevant Pre-Enforcement Principal Priority of Payments**” means such Pre-Enforcement Principal Priority of Payments as is applicable, in accordance with and pursuant to the terms of the Variable Funding Note Issuance Deed and the Cash Management Agreement,

Pre-Enforcement Priorities of Payments means each Pre-Enforcement Principal Priorities of Payments and the Pre-Enforcement Revenue Priority of Payments

Pre-Enforcement Revenue Priority of Payments has the meaning given to it in Schedule 6 (*Pre-Enforcement Priorities of Payments*) of the Variable Funding Note Issuance Deed,

Principal Amount Outstanding means the Class A1P Principal Amount Outstanding, the Class A1R Principal Amount Outstanding, the Class A2 Principal Amount Outstanding or the Class Z Principal Amount Outstanding, as the context may require,

Principal Deficiency means any Losses arising in relation to a Loan in the Portfolio which causes a shortfall in the amount available to pay principal on the Notes,

Principal Deficiency Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from Losses on the Portfolio. The Principal Deficiency Ledger will record as a credit Available Revenue Receipts applied pursuant to item (g) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts), as set out under Clause 4.7 (*Ledgers*) of the Cash Management Agreement,

Principal Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the applicable Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable), for the purchase of New Portfolios in accordance with the Mortgage Sale Agreement and for the payment of Mandatory Payment Amounts and Optional Redemption Repayment Amounts in accordance with the Variable Funding Note Issuance Deed,

Principal Paying Agent means The Bank of New York Mellon, London Branch, a New York banking corporation whose London branch address is at One Canada Square, London E14 5AL,

Principal Priorities of Payments means the Pre-Enforcement Principal Priorities of Payments or the Post-Enforcement Priority of Payments, as the context may require and “relevant Principal Priority of Payments” means such Principal Priority of Payments as is applicable, in accordance with and pursuant to the terms of the Variable Funding Note Issuance Deed, the Deed of Charge and the Cash Management Agreement,

Principal Receipts means any amount received and recorded as being received in respect of principal in respect of any Loan (including payments pursuant to any Insurance Policies), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including Partial Redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including principal received or treated as received after completion of the Enforcement Procedures until the full principal amount has been recovered in respect of the relevant Loan and principal received from the Seller in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement),

Priorities of Payments means the Principal Priorities of Payments, the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and “relevant Priority of Payments” means such Priority of Payments as is applicable, in accordance with and pursuant to the terms of this Master Schedule and Construction Schedule, the Variable Funding Note Issuance Deed and the Cash Management Agreement,

Processing or Process has the meaning given in the Data Protection Act,

Product Switch means any variation in the financial terms and conditions applicable to a Loan other than any variation

- (a) agreed with a Borrower to control or manage arrears on such Loan,
- (b) in the maturity date of such Loan unless the maturity date would be extended to a date later than two years before the Final Legal Maturity Date of the Notes,
- (c) imposed by statute,

(d) in the rate of interest payable (including a switch between interest only payments and repayment but excluding a switch to a fixed rate product, which shall, for the avoidance of doubt, be considered a Product Switch), or

(e) in the frequency with which the interest payable in respect of such Loan is charged,

Property means (in England and Wales) a freehold or leasehold property or (in Scotland) a heritable property or property held under a long lease, which is, in each case, subject to a Mortgage and together, the **Properties**,

Properties in Possession Cover means the properties in possession cover written by Lloyds Bank General Insurance Limited for Loans in favour of the Seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in possession policy or policies as may be issued from time to time in favour of the Seller,

Prospectus Directive means Directive 2003/71/EC (as amended),

Purchase Price means the Initial Consideration and the Deferred Consideration,

Purchaser has the meaning given in paragraph 3 of Schedule 7 (*Sale of Selected Loans*) to the Variable Funding Note Issuance Deed,

Qualifying Noteholder means a person which is beneficially entitled to interest in respect of the Note and is

- (a) a company resident in the United Kingdom for United Kingdom tax purposes, or
- (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account payments of interest in respect of the Note in calculating the chargeable profits (within the meaning given by section 19 of the Corporation Tax Act 2009 (CTA 2009)) of that company, or
- (c) a partnership each member of which is
 - (i) a company resident in the United Kingdom, or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in calculating its chargeable profits (within the meaning given by section 19 of the CTA 2009) the whole of any share of a payment of interest in respect of the Note that falls to it by reason of Part 17 of the CTA 2009,

Random Basis means any process which selects Loans and their Related Security on a basis that is not designed to favour the selection of any identifiable class or type or quality of Loans and their Related Security over all the Loans and their Related Security in the Portfolio,

Rated Notes means the Class A1P Notes and the Class A1R Notes,

Rating Agencies means, at any time, at least two of S&P, Fitch, Moody's and DBRS who provide the Required Ratings or provide a rating on the Class A1P Notes and the Class A1R Notes at such time,

Ratings Confirmation has the meaning given to it in Clause 1 2(g) of the Trust Deed,

Reasonable Prudent Mortgage Lender means a reasonably prudent residential mortgage lender lending to borrowers in England, Wales, and/or Scotland (as applicable) who generally satisfy the lending criteria of traditional sources of residential mortgage capital,

Re-Assignment and Re-Assignment of Third Party Rights means a re-assignment and re-assignment of Related Security and rights of action against third parties substantially in the form set out in Schedule 11 (*Re-assignment and re-assignment*) of the Mortgage Sale Agreement,

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge,

Reference Banks means the principal London office of each of five major banks engaged in the London interbank market selected by the Agent Bank with the approval of the Issuer, *provided that*, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such,

Register means the register of Noteholders kept by the Registrar and which records the identity of each Noteholder and the number of Notes which each Noteholder owns,

Registers of Scotland means the Land Register of Scotland and/or (as the context requires) the General Register of Sasines,

Registrar means The Bank of New York Mellon (Luxembourg) S A , a a Luxembourg *société anonyme* whose registered address is at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, acting as Registrar under the terms of the Agency Agreement to record the holders of the Notes and as paying agent in respect of the Notes, or such other person as may from time to time be appointed as Registrar pursuant to the Agency Agreement,

Regulated Mortgage Contract means a credit agreement which constitutes a “regulated mortgage contract” as defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544),

Regulation S or Reg S means Regulation S under the Securities Act,

Regulatory Direction means, in relation to any person, a direction or requirement of any Governmental Authority with those directions or requirements such person is accustomed to comply,

Related Security means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of any Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement including (without limitation)

- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, Deeds of Consent and MHA/CP Documentation) from occupiers and other persons having an interest in or rights in connection with the relevant Property,
- (b) each right of action of the Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or

affecting the decision of the Seller to make or offer to make all or part of the relevant Loan, and

- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and relevant Loan Files,

Relevant Class A1P Facility Margin has the meaning given to it in Condition 6 3 (*Class A1P Note Coupon Rate*) of the Class A1P Conditions,

Relevant Class A1P Note Interest Amount has the meaning given to it in Condition 6 4 (*Determination of Class A1P Note Coupon Rate and Calculation of Relevant Class A1P Note Interest Amount*) of the Class A1P Conditions,

Relevant Class A1R Facility Margin has the meaning given to it in Condition 6 3 (*Class A1R Note Coupon Rate*) of the Class A1R Conditions,

Relevant Class A1R Note Interest Amount has the meaning given to it in Condition 6 4 (*Determination of Class A1R Note Coupon Rate and Calculation of Relevant Class A1R Note Interest Amount*) of the Class A1R Conditions,

Relevant Class A2 Facility Margin has the meaning given to it in Condition 7 3 (*Class A2 Note Coupon Rate*) of the Class A2 Conditions,

Relevant Class A2 Note Interest Amount has the meaning given to it in Condition 7 4 (*Determination of Class A2 Note Coupon Rate and Calculation of Relevant Class A2 Note Interest Amount*) of the Class A2 Conditions,

Relevant Class Z Facility Margin has the meaning given to it in Condition 6 3 (*Class Z Note Coupon Rate*) of the Class Z Conditions,

Relevant Class Z Note Interest Amount has the meaning given to it in Condition 6 4 (*Determination of Class Z Note Coupon Rate and Calculation of Relevant Class Z Note Interest Amount*) of the Class Z Conditions,

Relevant Clearing System means Euroclear and/or Clearstream, Luxembourg or any other Acceptable Clearing House approved in accordance with the Variable Funding Note Issuance Deed and all references to "cleared" or "clearing" shall be construed accordingly,

Relevant Transaction Document has the meaning given to it in Clause 28 1 2 of the Variable Funding Note Issuance Deed,

Remuneration has the meaning given to it in Clause 24 1 (*Remuneration*) of the Deed of Charge,

Repayment Loan means a Loan whereby the Borrower makes Monthly Payments of both interest and principal so that the full amount of principal advanced is repaid by the stated maturity of that Loan,

Repurchase Agreement means the Repurchase Agreement entered into on or about the Closing Date between the Issuer and the Class A1R Note Subscriber;

Required Credit Enhancement means £425,000,000,

Required Filings means the filings required to be effected by the Issuer as set forth in the opinion of Allen & Overy LLP dated 20 May 2014,

Required Ratings has the meaning given to it in Clause 14 (*Ratings of the Class A1P Notes and Class A1R Notes*) of the Variable Funding Note Issuance Deed,

Required Sale Value has the meaning given to it in Paragraph 3 of Schedule 7 (*Sale of Selected Loans*) of the Variable Funding Note Issuance Deed,

Requirement of Law means, in respect of any person

- (a) any law, treaty, rule, requirement or regulation,
- (b) a notice by or an order of any court having jurisdiction,
- (c) a mandatory requirement of any regulatory authority having jurisdiction, or
- (d) a determination of an arbitrator or Governmental Authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply,

Reserve Fund means the fund established on the Closing Date, which will be funded in an amount equal to the Initial Reserve Fund Required Amount on the Closing Date by way of an Advance under the Start-Up Loan Agreement and thereafter will be funded from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and/or by way of further Advances under the Start-Up Loan Agreement,

Reserve Fund Required Amount means (i) the sum of (A) the Initial Reserve Fund Required Amount and (B) any Additional Reserve Fund Required Amount, or, (ii) following the full and final redemption and cancellation of the Notes, zero,

Reserve Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts credited to the Reserve Fund from the advances made under Tranche B of the Start-Up Loan on the Closing Date and thereafter from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, and any Advances made under Tranche C of the Start-Up Loan following the Closing Date, and any withdrawals from the Reserve Fund on each Interest Payment Date,

Revenue Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records Revenue Receipts received by the Issuer and distribution of the same as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable),

Revenue Receipts means any payment received in respect of any Loan, or in respect of interest amounts on a Loan (otherwise than in respect of a Loan that has been repurchased by the Seller), whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including Partial Redemption) of such Loan, on enforcement of such Loan (including recoveries in respect of interest and fees payable from the proceeds of sale of the relevant Property but only after the full aggregate principal amount outstanding has been recovered in respect of the relevant Loan) or on the disposal of such Loan or otherwise, which in any such case is not recorded as a Principal Receipt in respect of such Loan,

Revenue Shortfall means, on any Interest Payment Date, the amount by which Available Revenue Receipts are insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments,

Right-To-Buy Loans or RTB Loans means the Loans and their Related Security in the Portfolio that were extended to Borrowers in connection with the purchase (or refinancing of the purchase) by those Borrowers of Properties from local authorities or certain landlords under the "right-to-buy" schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001),

RTB Disposal Period means the period of three years (or in cases where the right to buy was exercised in relation to a Property in England and Wales after 18 January 2005, five years),

S&P means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited and includes any successor to its rating business,

Sale and Purchase Agreement has the meaning given to it in Paragraph 8 of Schedule 7 (*Sale of Selected Loans*) of the Variable Funding Note Issuance Deed,

Sale Date means the date for completion of the sale and assignment of any New Portfolio specified in the New Portfolio Notice in accordance with Clause 4.1 (*Sale and purchase of New Portfolios*) of the Mortgage Sale Agreement,

Sale of Class A1R Notes Event has the meaning given to it in Condition 5.2 of the Class A1R Conditions,

Sasine Transfer means in relation to Properties situated in Scotland title to which is, or is required to be, recorded in the General Register of Sasines, each assignation of the relevant Scottish Loans and their related Scottish Mortgages substantially in the appropriate form set out in Part 3 (*Seller – Sasine Transfer*) or Part 4 (*Issuer – Sasine Transfer*) of Schedule 4 (*Scottish Transfers*) to the Mortgage Sale Agreement (with such modification as may be required from time to time) and delivered pursuant to (as appropriate) Clause 7.2(d) (*Completion mechanics*) or Clause 9.10(a)(i)(B)(4) (*Repurchase deliverables*) thereof,

Scottish Declaration of Trust means each declaration of trust in relation to the relevant Scottish Loans and their Related Security made pursuant to the Mortgage Sale Agreement by means of which the sale of such Scottish Loans and their Related Security by the Seller to the Issuer and the transfer of the beneficial interest therein to the Issuer are given effect,

Scottish Loan or Scottish Mortgage Loan means a Loan secured by a Scottish Mortgage or any Loan governed by Scottish law which is not secured by a Scottish Mortgage,

Scottish Mortgage means a first ranking standard security over a Property located in Scotland,

Scottish Sub-Security means each standard security to be executed pursuant to Clause 3.4 (*Scottish Sub-Securities*) of the Deed of Charge,

Scottish Supplemental Charge means each supplemental assignation in security governed by Scottish law granted by the Issuer in favour of the Security Trustee pursuant to the Deed of Charge,

Scottish Transfer means each Sasine Transfer and each SLR Transfer,

Scottish Trust means a trust declared and created pursuant to each Scottish Declaration of Trust,

Scottish Trust Property has the meaning given to it in the relevant Scottish Declaration of Trust,

Secured Creditors means the Security Trustee, the Note Trustee, the Noteholders, the Seller, the Servicer, the Cash Manager, the Account Bank, the Start-Up Loan Provider, the Custodian, the Corporate Services Provider, the Principal Paying Agent, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor,

Secured Obligations means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under Clause 2 (*Issuer's covenant to pay*) of the Deed of Charge and all other amounts owed by it to the Secured Creditors under and pursuant to the Transaction Documents,

Securities Act means the United States Securities Act of 1933, as amended,

Securitisation Regulations means the Taxation of Securitisation Companies Regulations 2006,

Security means the security granted by the Issuer to the Security Trustee under and pursuant to the Deed of Charge in favour of the Secured Creditors,

Security Interest means any mortgage, sub-mortgage, standard security, charge, sub-charge, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law), assignation in security or other encumbrance or security interest howsoever created or arising,

Security Trustee means BNY Mellon Corporate Trustee Services Limited, a company incorporated pursuant to the laws of England and Wales with registered number 02631386 having its registered office at 1 Canada Square, London E14 5AL acting in its capacity as the trustee of the trusts created by the Deed of Charge (which expression shall include such company and all other persons or companies, successors and co-trustees for the time being acting as security trustee (or co-trustee) pursuant to the terms of the Deed of Charge),

Security Trustee Reserved Matter means, at any time, each and every of the rights, powers, authorities and discretions exercisable by, the Security Trustee under any of the provisions of the Conditions or any Transaction Document to which it is a party

- (a) to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, damages, proceedings, claims and demands in performing its powers, duties, rights and exercising its discretions under the Transaction Documents, and
- (b) which is provided for the purpose of enabling the Security Trustee to protect its own interests,

Self-Certified Loans means a Loan where the application was taken on, and marketed with, the understanding that evidence of the declared income would not be required in order to underwrite the loan,

Selected Loans means Loans and their Related Security to be sold by the Issuer pursuant to Clause 7 (*Mandatory Repayment Events*) of the Variable Funding Note Issuance Deed having in aggregate a forecast Required Sale Value in an amount equal to or greater than the relevant Mandatory Repayment Amount,

Seller means TSB Bank acting in its capacity as seller of the Loans and their Related Security to the Issuer pursuant to the Mortgage Sale Agreement,

A Seller Insolvency Event will occur in the following circumstances

- (a) an order is made or an effective resolution passed for the winding up of the Seller, or
- (b) the Seller ceases or threatens to cease to carry on the whole or substantially the whole of its business (other than pursuant to an order made under Part VII of the FSMA or for the purposes of amalgamation or reconstruction the terms of which have previously been approved by the written instruction of the Controlling Class) or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a) of the Insolvency Act (on the basis that the reference in such section to £750 was read as a reference to £10 million), section 123(1)(b), (d) and (e), 123(1)(c) (on the basis that the words “for a sum exceeding £10 million” were inserted after the words “extract registered bond” and “extract registered protest”) and 123(2) of the Insolvency Act (as that section may be amended) or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent, or
- (c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Seller under any applicable liquidation, administration, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws, save where such proceedings are being contested in good faith, or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the Seller or the appointment of an administrator takes effect, or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the Seller and in any of the foregoing cases it is not discharged within 15 Business Days, or if the Seller initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws (other than under Part VII of the FSMA) or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness,

Seller Power of Attorney means the power of attorney granted by the Seller in favour of the Issuer and the Security Trustee entered into on or about the Closing Date, substantially in the form set out in Schedule 6 (*Power of Attorney in favour of the Issuer and the Security Trustee*) to the Mortgage Sale Agreement and **Seller Power of Attorney** shall be construed accordingly,

Seller Standard Variable Rate means the Seller’s current discretionary rate, as capped at 2% above the Bank of England Base Rate, but otherwise administered, at the discretion of the Seller, by reference to the general level of interest rates and competitive forces in the UK mortgage market,

Seller’s Policy means the originating, underwriting, administration, servicing, arrears and enforcement policies and procedures applied by the Seller from time to time to loans and the security for their repayment which are beneficially owned solely by the Seller,

Senior Note Event of Default has the meaning given to it in Condition 8.1 of the Class A1P Conditions, Condition 9.1 of the Class A2 Conditions or Condition 8.1 of the Class A1R Conditions, as applicable,

Senior Noteholders means the Class A1 Noteholders and the Class A2 Noteholders,

Senior Notes means the Class A1 Notes and the Class A2 Notes,

Servicer means TSB Bank or such other person as may from time to time be appointed as servicer of the relevant Loans in the Portfolio pursuant to the Servicing Agreement,

Servicer Termination Event means any of the events listed in Clause 20 1 (*Servicer Termination Event and Servicer Event of Default*) of the Servicing Agreement,

Servicer Termination Notice means a notice given by the Issuer or (following the delivery of a Note Acceleration Notice) the Security Trustee to terminate the Servicer's appointment following a Servicer Termination Event,

Servicing Agreement means the agreement entered into on or about the Closing Date between the Servicer, the Issuer, the Security Trustee and the Seller pursuant to which the Servicer agrees to service the relevant Loans and their Related Security sold to the Issuer by the Seller in the Portfolio (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Servicing Fee has the meaning given to it in Clause 13 1 (*Remuneration*) of the Servicing Agreement,

Servicing or Services means the services to be provided by the Servicer set out in the Servicing Agreement including Schedule 1 (*The Services*) thereto,

Share Declaration of Trust means the share declaration of trust entered into by the Issuer on 12 February 2014,

Share Trust Deed means the share trust deed entered into by the Share Trustee on 12 February 2014,

Share Trustee means SFM Corporate Services Limited (registered number 03920255), a private limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St Helen's, London EC3A 6AP,

SLR Transfer means, in relation to Properties situated in Scotland title to which is registered or is in the course of being registered in the Land Register of Scotland, each assignment of the relevant Scottish Loans and their related Scottish Mortgages substantially in the appropriate form set out in Part 1 (*Seller – SLR Transfer*) or Part 2 (*Issuer – SLR Transfer*) of Schedule 4 (*Scottish Transfers*) to the Mortgage Sale Agreement (with such modifications as may be required from time to time) and delivered pursuant to (as appropriate) Clause 7 2(c) (*Completion mechanics*) or Clause 9 10(a)(1)(B)(3) (*Repurchase deliverables*) thereof,

Sole Class A1R Noteholder Event has the meaning given to it in Condition 5 1 of the Class A1R Conditions,

Sole Class A1R Noteholder Period has the meaning given to it in Condition 5 2 of the Class A1R Conditions,

Specified Office has the meaning given to it in the relevant Conditions,

Staff Scheme means a loan product type offered to employees of TSB Bank or Lloyds Bank, for the avoidance of doubt, Mortgages to TSB Bank employees which are originated from the standard product range and are available with no concessions are not considered Loans originated under a Staff Scheme,

Standard Documentation means the standard documentation, a list of which is set out in Part 2 (*Standard Documentation*) of Appendix 1 (*Documents related to the Initial Portfolio*) to the Mortgage Sale Agreement, or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable Prudent Mortgage Lender subject

to the provision of a legal opinion and legal due diligence report in accordance with Clause 4.4 of the Mortgage Sale Agreement,

Standard Security or standard security means a standard security as defined in Part II of the 1970 Act,

Standard Variable Rate or SVR means the Seller Standard Variable Rate and/or the Other Discretionary Rate and/or any other applicable discretionary rate, as the context may require,

Standard Variable Rate Loans or Variable Rate Loans means those Loans with respect to which the interest rate payable by the Borrower varies in accordance with the Standard Variable Rate,

Start-Up Loan has the meaning given to it in Clause 2.1 (*The Start-Up Loan*) of the Start-Up Loan Agreement,

Start-Up Loan Agreement means the agreement entered into on or about the Closing Date between the Issuer, the Start-Up Loan Provider and the Security Trustee relating to the provision of the Start-Up Loan to the Issuer (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Start-Up Loan Drawdown Notice means a Start-Up Loan Initial Drawdown Notice or a Start-Up Loan Post Closing Drawdown Notice under the Start-Up Loan Agreement,

Start-Up Loan Initial Drawdown Notice means a notice substantially in the form set out in Schedule 1 (*Form of Start-Up Loan Initial Drawdown Notice*) to the Start-Up Loan Agreement delivered from the Issuer to the Start-Up Loan Provider on the Closing Date,

Start-Up Loan Ledger means the ledger maintained by the Cash Manager on behalf of the Issuer which records all amounts received by the Issuer as advances under the Start-Up Loan Agreement and all amounts repaid under the Start-Up Loan Agreement;

Start-Up Loan Post Closing Drawdown Notice means a notice substantially in the form of Schedule 2 (*Form of Start-Up Loan Post Closing Drawdown Notice*) to the Start-Up Loan Agreement delivered from the Issuer to the Start-Up Loan Provider after the Closing Date,

Start-Up Loan Provider means TSB Bank in its capacity as provider of the Start-Up Loan,

Step-Up Date means 17 December 2018,

Subscription Agreement means the subscription agreement entered into on or about the Closing Date between, *inter alios*, the Issuer, TSB Bank and the Class A1R Note Subscriber,

Subscription Notice means a notice requesting the subscription of the relevant Notes delivered by the Issuer to the relevant Noteholder on the Closing Date and in the form set out at Part A (*Form of Subscription Notice*) of Schedule 5 (*Forms of Notices*) of the Variable Funding Note Issuance Deed,

Subsidiary means a subsidiary as defined in section 1159 of the Companies Act 2006,

Substitute Loans mean any loans transferred to (or in the case of the Scottish Loans, held under a Scottish Declaration of Trust) the Issuer by the Seller on any Substitution Date after the Closing Date,

Substitute Portfolio means the portfolio of the Substitute Loans, the Substitute Mortgages, the Substitute Related Security and all rights, interest, benefit, income and payments therein, from time to time transferred by the Seller to the Issuer pursuant to the Mortgage Sale Agreement,

Substitute Portfolio Conditions has the meaning given to it in Clause 4.3 (*Substitute Portfolio Conditions*) of the Mortgage Sale Agreement,

Substitute Portfolio Notice means a notice substantially in the form set out in Schedule 14 (*Substitute Portfolio Notice*) to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement,

Substitute Related Security means the substitute Related Security transferred by the Seller to the Issuer on the Substitution Date pursuant to the Mortgage Sale Agreement,

Substitution Date means the date for completion of the transfer and assignment of any Substitute Portfolio specified in the Substitute Portfolio Notice in accordance with Clause 4.2 (*Transfer and assignment of Substitute Portfolios*) of the Mortgage Sale Agreement,

Supplemental Agreement means the supplemental agreement entered into on or about the Closing Date between Lloyds Bank and TSB Bank,

Supplemental Amount means an amount payable to Lloyds by the Issuer pursuant to Clause 25.3 of the Variable Funding Note Issuance Deed subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as applicable, the Post-Enforcement Priority of Payments,

Switch Date means the date on which a Product Switch is made,

Tax Certificate means a certificate substantially in the form of Schedule 1 (*Tax Certificate*) of the Agency Agreement,

Tax Deduction means a withholding or deduction for or on account of any Taxes,

Taxes means all present and future taxes, levies, imposts, duties (other than stamp duty), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** and **Taxation** shall be construed accordingly,

Term Out Event has the meaning given to it in Clause 12.1 (*Term Out Events*) of the Variable Funding Note Issuance Deed,

Third Party Amounts has the meaning given to it in the definition of Available Revenue Receipts,

Third Party Collection Agent means an entity that shall act as collection agent for the Issuer under the Direct Debiting Scheme or any successor to that scheme pursuant to Clause 5.1(a)(i) (*Direct Debiting Scheme*) of the Servicing Agreement,

Three-Month Sterling LIBOR has the meaning given to it in Condition 6.3 (*Class A1P Note Coupon Rate*) of the Class A1P Conditions, Condition 7.3 (*Class A2 Note Coupon Rate*) of the Class A2 Conditions, Condition 6.3 (*Class Z Note Coupon Rate*) of the Class Z Conditions and Condition 6.3 (*Class A1R Note Coupon Rate*) of the Class A1R Conditions, as applicable,

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and all other documents which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage,

Title Information Documents means the Title Deeds and any related planning documents or other local authority documents relating to the Property,

Tracker Loan means a Loan where interest is linked to the Bank of England's official dealing rate (the repo rate) as set by the UK Monetary Policy Committee or such alternative rate or index which is not controlled by the Seller, that the Seller considers to be the most appropriate in the circumstances,

Tranche A has the meaning given to it in Clause 2 1(a) (*The Start-Up Loan*) of the Start-Up Loan Agreement,

Tranche B has the meaning given to it in Clause 2 1(b) (*The Start-Up Loan*) of the Start-Up Loan Agreement,

Tranche C has the meaning given to it in Clause 2 1(c) (*The Start-Up Loan*) of the Start-Up Loan Agreement,

Transaction means the transaction effected pursuant to the Transaction Documents

Transaction Account means the Sterling account in the name of the Issuer with the Account Bank or such additional or replacement bank account at the Account Bank and/or other banks as may for the time being be in place with the prior consent of the Security Trustee and designated as such,

Transaction Account Mandate means the bank account mandate between the Issuer and the Account Bank relating to the operation of the Transaction Account in substantially the form attached as Schedule 1 (*Form of Transaction Account Mandate*) to the Bank Account Agreement,

Transaction Documents means the following documents

- (a) the Agency Agreement,
- (b) the Bank Account Agreement,
- (c) the Cash Management Agreement,
- (d) the Corporate Services Agreement,
- (e) the Custody Agreement,
- (f) the Deed of Charge (and each document entered into pursuant thereto),
- (g) the Issuer Power of Attorney,
- (h) this Master Definitions and Construction Schedule,
- (i) the Mortgage Sale Agreement,
- (j) the Note Transfer Side Letter,
- (k) the Repurchase Agreement,

- (l) each Scottish Declaration of Trust,
- (m) the Seller Power of Attorney,
- (n) the Servicing Agreement,
- (o) the Share Declaration of Trust,
- (p) the Share Trust Deed,
- (q) the Start-Up Loan Agreement,
- (r) the Subscription Agreement,
- (s) the Trust Deed,
- (t) the Variable Funding Note Issuance Deed, and
- (u) the Variable Funding Note Issuance Deed Side Letter,

and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes,

Transfer Certificate has the meaning given to it in Clause 28.1.2 of the Variable Funding Note Issuance Deed,

Transfer Date means the Closing Date, the relevant Sale Date or the relevant Substitution Date, as applicable,

Treaty means the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam,

Trigger Event means a Category 1 Trigger Event, Category 2 Trigger Event, Category 3 Trigger Event or a Category 4 Trigger Event, as the case may be,

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee,

Trust Deed means the trust deed entered into on or about the Closing Date between, *inter alios*, the Issuer, the Note Trustee and the Registrar (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000,

Trustee Reserved Matter means, at any time, each and every of the rights, powers, authorities and discretions exercisable by, the Note Trustee under any of the provisions of the Conditions or any Transaction Document to which it is a party

- (a) to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, damages, proceedings, claims and demands in performing its powers, duties, rights and exercising its discretions under the Transaction Documents, and
- (b) which is provided for the purpose of enabling the Note Trustee to protect its own interests,

Trustee Rights has the meaning given to it in Clause 11 1(b) of the Trust Deed with respect to the Note Trustee and Clause 8 1 of the Deed of Charge with respect to the Security Trustee,

TSB Bank or **TSB** means TSB Bank plc, with registered number SC095237, a company incorporated in Scotland and registered as a public company under the Companies Act 1985, whose registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH or its successors or assigns,

TSB Unsecured Funding means the unsecured facility in an amount of £1 6bn provided by Lloyds to TSB on 3 March 2014,

TSB IPO Date means the date of any initial public offering of TSB Bank or any Holding Company of TSB Bank,

TSB Repeating Warranties means the TSB Warranties set out at Paragraphs 3 (*Solvency*), 7 (*No Breach of Law or Contract*) and 11 (*No Category 4 Trigger Event*) of Schedule 2 (*TSB's Representations and Warranties*) of the Variable Funding Note Issuance Deed,

TSB Warranties means the representations and warranties of TSB set out at Schedule 2 (*TSB's Representations and Warranties*) of the Variable Funding Note Issuance Deed,

UK Regulator means the FCA or the PRA and the FCA as applicable,

United Kingdom or **UK** means the United Kingdom of Great Britain and Northern Ireland;

United States means the United States of America,

Valuation Report means the valuation report or reports for mortgage purposes, in the form of the pro forma report contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each relevant Property or a valuation report in respect of a valuation of a Property made using a methodology which would be acceptable to a Reasonable Prudent Mortgage Lender and which has been approved by the Seller (or his successor),

Valuer means an Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant time either a member of a firm which was on the list of Valuers approved by or on behalf of the relevant Originator from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Lloyds Banking Group,

Variable Funding Note Issuance Deed means the variable funding note issuance deed entered into on or about the Closing Date between, *inter alios*, the Issuer, the Note Trustee and the Servicer (as the same may be amended, restated, varied, supplemented, replaced or novated from time to time),

Variable Funding Note Issuance Deed Side Letter means the side letter relating to the Class A1 Put Option entered into on or about the Closing Date between TSB Bank, the Class A2 Noteholder, the Class Z Noteholder, the Cash Manager, the Seller, the Servicer, Lloyds Bank, the Class A1P Noteholder, the Class A1R Noteholder, the Issuer, the Security Trustee, the Note Trustee and the Registrar,

VAT or Value Added Tax means

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), and

- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere,

VFNs means the Class A1P Notes, the Class A2 Notes and/or the Class Z Notes, as the context may require, and

VFN Noteholders means the holders of the Class A1P Notes, the Class A2 Note and/or the Class Z Note, as the context may require

SIGNATURE PAGE TO THE DEED OF CHARGE

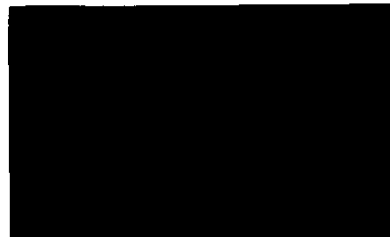
DULY EXECUTED and DELIVERED as a **DEED** by each of the parties hereto or on its behalf on the date appearing on page 1 of this Deed of Charge

ISSUER

EXECUTED and DELIVERED as a **DEED**)
by **SFM Directors Limited** and **SFM Directors**)
(No.2) Limited)
for and on behalf of)
CAPE FUNDING NO. 1 PLC)

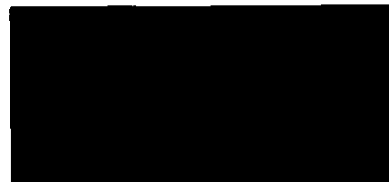
Director)

Director)



ACCOUNT BANK

EXECUTED and DELIVERED as a **DEED**)
by **LLOYDS BANK PLC**)
acting by its Attorney)



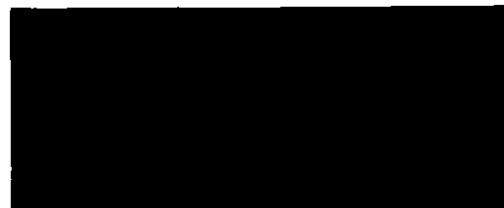
Attorney

in the presence of

Witness)

Name)

Address)



ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

SIGNATURE PAGE TO DEED OF CHARGE

SERVICER

EXECUTED and DELIVERED as a DEED
by TSB BANK PLC
acting by its Attorney

)
)
)



Attorney

in the presence of

Witness



)

Name

)



Address

ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

CASH MANAGER

EXECUTED and DELIVERED as a DEED
by TSB BANK PLC
acting by its Attorney

)
)
)



Attorney

in the presence of

Witness



)

Name

)



Address

ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

SIGNATURE PAGE TO DEED OF CHARGE


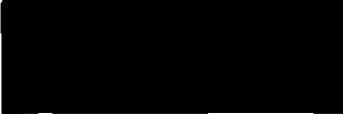
START-UP LOAN PROVIDER

EXECUTED and DELIVERED as a DEED)
by **TSB BANK PLC**)
acting by its Attorney)



Attorney

in the presence of

Witness ) 

Name)

Address **ALLEN & OVERY LLP**
ONE BISHOPS SQUARE
LONDON E1 6AD

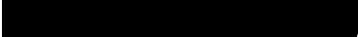

SELLER

EXECUTED and DELIVERED as a DEED)
by **TSB BANK PLC**)
acting by its Attorney)



Attorney

in the presence of

Witness ) 

Name)

Address **ALLEN & OVERY LLP**
ONE BISHOPS SQUARE
LONDON E1 6AD

CORPORATE SERVICES PROVIDER

EXECUTED and DELIVERED as a DEED)
by)
STRUCTURED FINANCE MANAGEMENT)
LIMITED)

Director)

Director *Company Secretary*)



SIGNATURE PAGE TO DEED OF CHARGE

SECURITY TRUSTEE

EXECUTED and DELIVERED as a DEED by)
BNY MELLON CORPORATE TRUSTEE)
SERVICES LIMITED)
acting by two of its lawful Attorneys.)

Attorney)

Attorney)

in the presence of)

Witness name)
Signature)

Address One Canada Square, London E14 5AL

ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

NOTE TRUSTEE

EXECUTED and DELIVERED as a DEED by)
BNY MELLON CORPORATE TRUSTEE)
SERVICES LIMITED)
acting by two of its lawful Attorneys.)

Attorney) James Swain
Authorised Signatory)

Attorney)

in the presence of)

Witness name)
Signature)

Address One Canada Square, London E14 5AL

ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

SIGNATURE PAGE TO DEED OF CHARGE

CUSTODIAN

**EXECUTED and DELIVERED as a DEED by
THE BANK OF NEW YORK MELLON,
LONDON BRANCH**

acting by two of its lawful Attorneys)

Attorney [REDACTED])

Attorney [REDACTED])

in the presence of)

Witness name

Signature

Address One Canada Square, London E14 5AL

REGISTRAR

**EXECUTED and DELIVERED as a DEED by)
THE BANK OF NEW YORK MELLON)
(LUXEMBOURG) S.A.)**

James Swain
Authorised Signatory

in the presence of [REDACTED])

Witness name [REDACTED])

Signature [REDACTED])

Address Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg

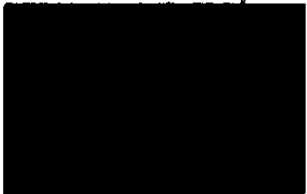
**ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD**

SIGNATURE PAGE TO DEED OF CHARGE

AGENT BANK

**EXECUTED and DELIVERED as a DEED by
THE BANK OF NEW YORK MELLON,
LONDON BRANCH**

acting by ^{one}two of its lawful Attorneys)

Attorney 

)
James Swain
Authorised Signatory
)

in the presence of)

Witness name
Signature

Address One Canada Square, London E14 5AL