

234885/13

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 service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **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 is no
instrument Use form MR08

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

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 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 must be scanned and placed on the public record. **Do not send the original.**

THURSDAY



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18/12/2014

#188

COMPANIES HOUSE

1 Company details

Company number 00002065

Company name in full Lloyds Bank plc
(the Funding 1 Collateralised GIC Account Bank)

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 01/01/2014

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 Arkle Funding (No 1) Limited
(Funding 1)

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	Brief description Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument Brief description	N/A	Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, 'for more details please refer to the instrument'. Please limit the description to the available space.
5	Other charge or fixed security Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
6	Floating charge Is the instrument expressed to contain a floating charge? Please tick the appropriate box <input type="checkbox"/> Yes Continue <input checked="" type="checkbox"/> No Go to Section 7 Is the floating charge expressed to cover all the property and undertaking of the company? <input type="checkbox"/> Yes		
7	Negative Pledge Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
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 <input type="checkbox"/>		① This statement may be filed after the registration of the charge (use form MR06)
9	Signature Please sign the form here Signature X Allen & Gray LLP X This form must be signed by a person with an interest in the charge		

MR01

Particulars of a charge

**Presenter information**

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Azem Shamollu (0011002-0001089)

Company name Allen & Overy LLP

Address One Bishops Square

Post town London

County/Region

Postcode E 1 6 A D

Country United Kingdom

DX

Telephone 020 3088 2355

**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:

- ☒ The company name and number match the information held on the public Register
- ☒ You have included a certified copy of the instrument with this form
- ☒ You have entered the date on which the charge was created
- ☒ You have shown the names of persons entitled to the charge
- ☒ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☒ You have given a description in Section 4, if appropriate
- ☒ You have signed the form
- ☒ You have enclosed the correct fee
- ☒ 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: 2065

Charge code: 0000 2065 0043

The Registrar of Companies for England and Wales hereby certifies that a charge dated 11th December 2014 and created by LLOYDS BANK PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 18th December 2014.

P

Given at Companies House, Cardiff on 24th December 2014





Companies House



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

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 MICHAEL ZDLEWSKI
Qualified as SOLICITOR
Allen Overy LLP
One Bishops Square
London E1 6AD
United Kingdom
Date 16/12/2014



EXECUTION VERSION

FUNDING 1 COLLATERAL SECURITY AGREEMENT

DATED 11 DECEMBER 2014

LLOYDS BANK PLC
as Funding 1 Collateralised GIC Account Bank
and Cash Manager

and

ARKLE FUNDING (No.1) LIMITED
as Funding 1

and

THE BANK OF NEW YORK MELLON
as Funding 1 Security Trustee

ALLEN & OVERY

Allen & Overy LLP

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THIS DEED is dated 11 December 2014 and is made **BETWEEN**

- (1) **LLOYDS BANK PLC**, a public limited company incorporated under the laws of England and Wales, with company number 00002065, having its registered office at 25 Gresham Street, London EC2V 7HN (in its capacities as the "**Funding 1 Collateralised GIC Account Bank**" and the "**Cash Manager**"),
- (2) **ARKLE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London, W1S 3NP ("**Funding 1**"), and
- (3) **THE BANK OF NEW YORK MELLON**, a New York banking corporation, acting through its offices at One Canada Square, London E14 5AL (in its capacity as "**Funding 1 Security Trustee**")

BACKGROUND

- (A) The Parties are entering into this Deed (this "**Agreement**") in connection with the Funding 1 Bank Account Agreement and the Funding 1 Collateralised GIC Account
- (B) On or prior to the date of this Agreement, the Funding 1 Collateralised GIC Account Bank has also entered a custody agreement (the "**Eligible Custody Agreement**", attached hereto at Schedule 3) with the Funding 1 Security Trustee, the Bank of New York Mellon, London Branch (in its capacity as "**Eligible GIC Custodian**") and Funding 1, pursuant to which the Eligible GIC Custodian undertakes to perform certain custodial services on behalf of the Funding 1 Collateralised GIC Account Bank in relation to the Security Assets (as such term is defined below)

IT IS AGREED as follows

1 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement

"**Accounts**" has the meaning given to such term in the Eligible Custody Agreement

"**Base Currency**" means sterling

"**Base Currency Equivalent**" means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount, and in the case of any amount denominated in a currency other than the Base Currency (the "**Other Currency**"), the amount of the Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Cash Manager for value on such Valuation Date

"**Cash Accounts**" has the meaning given to such term in the Eligible Custody Agreement

“Collateral Excess Amount” means, for any Valuation Date, an amount determined by the Cash Manager equal to the amount by which

- (a) the Value as of that date of all Posted Collateral credited to the GIC Collateral Custody Account (as adjusted to include any prior Collateral Shortfall Amount and to exclude any prior Collateral Excess Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after the Valuation Date)

exceeds

- (b) the Required Collateral Amount on that date

“Collateral Return Request” has the meaning set out in Clause 4.2 (*Return of Eligible Collateral*) of this Agreement

“Collateral Rights” means, subject always to the provisions of Clause 7 (*Voting Rights and Proceeds*), in relation to the exercise of voting rights, all rights, powers and remedies of Funding 1 provided by this Agreement or by law

“Collateral Shortfall Amount” means, for any Valuation Date, an amount determined by the Cash Manager equal to the amount by which

- (a) the Required Collateral Amount on that date

exceeds

- (b) the Value as of that date of all Posted Collateral credited to the GIC Collateral Custody Account (as adjusted to include any prior Collateral Shortfall Amount and to exclude any prior Collateral Excess Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after the Valuation Date)

“Collateral Test” has the meaning given to such term in the Amended and Restated Cash Management Agreement

“Custodian Cut-off Time” means 3 00 p m , London time

“Deposit Cut-off Date” means, in respect of a Valuation Date, the Business Day following such Valuation Date

“Distribution Account” has the meaning given to such term in the Eligible Custody Agreement

“Distributions” means, with respect to Posted Collateral, any dividend, interest or other payments or distributions of cash or other property with respect to that Posted Collateral. Distributions will not form part of the Posted Collateral and will not include any item of property acquired by Funding 1 upon any disposition or liquidation of Posted Collateral

"Eligible Collateral" means

- (a) the instruments listed in Schedule 2 of this Agreement, with Valuation Percentages applying as set out in that table,
- (b) any other Obligations issued by the Government of the United Kingdom in an Eligible Currency,
- (c) any Obligations issued by the Governments of the United States of America or Eurozone Countries rated at or above Aa3 by Moody's, AA- by S&P and AA- by Fitch, in an Eligible Currency, and
- (d) such other Obligations in an Eligible Currency, as agreed to between the Funding 1 Collateralised GIC Account Bank and Funding 1 from time to time (provided that such other Obligations shall only constitute Eligible Collateral if the Rating Agencies have confirmed that the inclusion of such other Obligations as Eligible Collateral shall not result in the downgrade, withdrawal or qualification of the then current ratings of the Notes)

Any Eligible Collateral falling under (b), (c) and (d) above shall be notified to the Funding 1 Security Trustee, along with the applicable Valuation Percentages

"Eligible Currency" means sterling, United States Dollars, Euros and Japanese Yen

"Eurozone Countries" means those member states of the European Union that adopt the euro in accordance with the EC Treaty as their lawful currency

"Funding 1 Collateralised GIC Enforcement Event" means any of the following

- (a) any failure by the Funding 1 Collateralised GIC Account Bank to withdraw amounts from the Funding 1 Collateralised GIC Account when required, which is not remedied within 2 Business Days of the earlier to occur of (i) the Funding 1 Collateralised GIC Account Bank becoming aware of such failure to withdraw such amounts, and (ii) the Funding 1 Collateralised GIC Account Bank receiving written notice of such failure from the Cash Manager, Funding 1 or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, in accordance with the Funding 1 Bank Account Agreement, or
- (b) an Insolvency Event occurs in respect of the Funding 1 Collateralised GIC Account Bank in circumstances where monies are standing to the credit of the Funding 1 Collateralised GIC Account

"GIC Collateral Custody Account" means the securities account listed in Schedule 1 of this Agreement, maintained by the Eligible GIC Custodian for the account of the Funding 1 Collateralised GIC Account Bank under the Eligible Custody Agreement, and any successor or replacement securities account maintained by the Eligible GIC Custodian for the account of the Funding 1 Collateralised GIC Account Bank under the Eligible Custody Agreement and notified to Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee

"Ineligible Collateral" has the meaning set out in Clause 4.3 (*Return of Ineligible Collateral*) of this Agreement

"Instruction" or **"Instructions"** has the meaning given to it in the Eligible Custody Agreement

"Japanese Yen" means the lawful currency of Japan

"Master Definitions and Construction Schedule" means the master definitions and construction schedule dated 6 November 2006 (as amended and restated on 30 April 2010, 12 October 2010, 11 July 2011 and 11 December 2014, attached hereto at Schedule 4, and as further amended from time to time)

"Note Trust Deed" means the trust deed dated on or before 6 November 2006 between the Issuer and the Note Trustee, as may be amended, restated or supplemented from time to time

"Obligation" means an obligation that (i) is in the form of or represented by a bond, note (other than loan notes), certificated debt security or other debt security, (ii) ranks at least *pari passu* with the obligations of the relevant obligor that are neither subordinated by their terms (or otherwise) nor secured, (iii) is payable in an amount equal to its stated principal amount, (iv) is not repayable in an amount determined by reference to any formula or index, (v) the repayment of which is not, pursuant to the terms of such obligation, subject to any contingency, (vi) except in respect of an Obligation which does not bear interest, bears interest at either a fixed rate or a floating rate that is paid on a periodic basis and is computed on a benchmark interest rate plus or minus a margin, if any, and (vii) except in respect of an Obligation which does not bear interest, does not have a principal amount due at maturity that varies or that is less than the amount advanced to the relevant obligor

"Party" means a party to this Agreement

"Posted Collateral" means, with respect to the Funding I Collateralised GIC Account Bank and a Valuation Date, the aggregate of all Eligible Collateral that has been transferred to or received by the Eligible GIC Custodian under this Agreement, which has not been transferred to the Funding I Collateralised GIC Account Bank pursuant to Clause 4 2 (*Return of Eligible Collateral*) or Clause 4 3 (*Return of Ineligible Collateral*) or released on behalf of Funding I pursuant to Clause 10 (*Enforcement of Security*)

"Receiver" means a receiver and manager or a receiver or administrative receiver, in each case, appointed under this Agreement

"Related Rights" means any right, money or property accruing or offered at any time in relation to any Posted Collateral by way of redemption (including, for the avoidance of doubt, any proceeds of liquidation pursuant to clause 3 5(c) (*Liquidation Process*) of the Eligible Custody Agreement), substitution, exchange, bonus or preference, under option rights or otherwise, excluding any Distributions

"Replacement Collateral" has the meaning set out in Clause 4 3 (*Return of Ineligible Collateral*) of this Agreement

"Request Time" means 11 00 a m , London time

"Request Return Time" means 1 00 p m , London time

"Required Collateral Amount" means, in respect of a date, an amount equal to the sterling balance of the Funding 1 Collateralised GIC Account on such date

"Secured Obligations" means all present and future payment obligations and liabilities (whether actual or contingent) of the Funding 1 Collateralised GIC Account Bank to Funding 1 under this Agreement and in respect of the Funding 1 Collateralised GIC Account under the Funding 1 Bank Account Agreement except for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law or regulation

"Secured Party Notice" has the meaning given to such term in the Eligible Custody Agreement

"Security" means the security created under or pursuant to or evidenced by Clause 2 of this Agreement

"Security Assets" means all Posted Collateral and all Related Rights in relation to Posted Collateral which are the subject of the Security created by this Agreement

"Security Period" means the period beginning on the date of this Agreement and ending on the date on which all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full

"Settlement Day" means, in respect of a date, the next Business Day

"Surplus Amount" has the meaning set out in Clause 5 (*Cash Accounts and Distribution Account*) of this Agreement

"Surplus Collateral" has the meaning set out in Clause 5 (*Cash Accounts and Distribution Account*) of this Agreement

"Surplus Return Request" has the meaning set out in Clause 5 (*Cash Accounts and Distribution Account*) of this Agreement

"United States Dollars" means the lawful currency of the United States of America

"Valuation Date" means each Business Day from and including the date of this Agreement

"Valuation Percentage" means, in respect of an item of Eligible Collateral, the percentage specified in or determined in accordance with Schedule 2 of this Agreement

"Value" means, for any Valuation Date or other date on which Value is calculated

- (a) with respect to any Posted Collateral that is Eligible Collateral, the Base Currency Equivalent of the sum of (i) bid price obtained by the Cash Manager on such date for such Eligible Collateral, *multiplied* by the applicable Valuation Percentage, and (ii) the accrued interest where applicable on such Eligible Collateral (except to the extent that such interest is included in the applicable price referred to in (i) above) as of such date, and

- (b) with respect to any Posted Collateral that is not Eligible Collateral, zero

1 2 Construction

- (a) Capitalised terms defined in the Master Definitions and Construction Schedule have, unless expressly defined otherwise in this Agreement, the same meaning in this Agreement
- (b) References to this or any other agreement or document include any amendment or supplement thereto or variation thereof for the time being having effect
- (c) References to any Party include any of its subsequent successors, transferees or assigns
- (d) Any covenant of the Funding 1 Collateralised GIC Account Bank under this Agreement (other than a payment obligation) remains in force during the Security Period and is given for the benefit of Funding 1
- (e) If Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, reasonably considers that an amount paid to it in respect of the Funding 1 Collateralised GIC Account is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Agreement
- (f) Unless the context otherwise requires, a reference to a Security Asset includes
 - (i) any part of that Security Asset, and
 - (ii) the proceeds of that Security Asset

2 CREATION OF SECURITY

2 1 Covenant to Pay

The Funding 1 Collateralised GIC Account Bank covenants with Funding 1 to discharge each of the Secured Obligations on their due date in accordance with their respective terms

2 2 Security

The Funding 1 Collateralised GIC Account Bank charges by way of a first fixed charge in favour of Funding 1

- (a) all Posted Collateral,
- (b) all Related Rights in relation to Posted Collateral, and
- (c) the Accounts and any amount standing from time to time to the credit of the Cash Accounts and the Distribution Account

2 3 Eligible Custody Agreement

The Funding 1 Collateralised GIC Account Bank assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights, title and interest in and under the Eligible Custody Agreement (including, without limitation, its rights to require the Eligible GIC Custodian to deliver securities to a securities account of the Funding 1 Collateralised GIC Account Bank or to its order and its rights in and to the GIC Collateral Custody Account) to Funding 1

2 4 Registration

The Funding 1 Collateralised GIC Account Bank undertakes to complete, at its own cost and within the required timeframe, any procedural formality necessary to register the Security created under or pursuant to this Deed

3 RELEASE

Upon Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, being satisfied that the Secured Obligations have been irrevocably paid or discharged in full, Funding 1 or the Funding 1 Security Trustee, as applicable, shall, at the request of the Funding 1 Collateralised GIC Account Bank and at the cost of the Funding 1 Collateralised GIC Account Bank, promptly release all the security granted by this Agreement without recourse to, and without any representations or warranties by Funding 1, the Funding 1 Security Trustee or any of their respective nominees

4 COLLATERAL OBLIGATIONS

4 1 Deposit of Eligible Collateral

- (a) The Funding 1 Collateralised GIC Account Bank will ensure that on any Valuation Date on which amounts are credited to the Funding 1 Collateralised GIC Account, Eligible Collateral having an aggregate Value at least equal to the Required Collateral Amount is credited to the GIC Collateral Custody Account
- (b) Subject to sub-paragraph (c) below, if the Collateral Shortfall Amount on any Valuation Date is greater than zero, the Funding 1 Collateralised GIC Account Bank will, by the Deposit Cut-off Date, deposit Eligible Collateral into the GIC Collateral Custody Account having an aggregate Value as of the date of deposit at least equal to the Collateral Shortfall Amount as at such Deposit Cut-off Date
- (c) If, by the Deposit Cut-off Date in respect of a Valuation Date, the Collateral Shortfall Amount is zero, the Funding 1 Collateralised GIC Account Bank will not have an obligation to deposit Eligible Collateral into the GIC Collateral Custody Account

4 2 Return of Eligible Collateral

If the Collateral Excess Amount on any Valuation Date is greater than zero, then on that Valuation Date, provided that a Funding 1 Collateralised GIC Enforcement Event has not occurred and is continuing

- (a) the Funding 1 Collateralised GIC Account Bank may, at or before the Request Time on that Valuation Date, deliver to Funding 1 (or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) a request for the return of Eligible Collateral having a Value equal to the Collateral Excess Amount (a “**Collateral Return Request**”), such Collateral Return Request taking the form of an Instruction, which shall also be countersigned by the Cash Manager in accordance with the Cash Management Agreement,
- (b) upon receipt of such Collateral Return Request and at or before the Request Return Time on that Valuation Date, Funding 1 (or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) may, provided that it is satisfied that the Collateral Test in respect of such Valuation Date has been passed (Funding 1 or the Funding 1 Security Trustee, as applicable, being able to rely on the Cash Manager countersigning the Collateral Return Request as evidence that the Collateral Test in respect of such Valuation Date has been passed), countersign and deliver such Collateral Return Request to the Funding 1 Collateralised GIC Account Bank, and
- (c) upon receipt of the countersigned Collateral Return Request and at or before the Custodian Cut-off Time on that Valuation Date, the Funding 1 Collateralised GIC Account Bank shall deliver the Collateral Return Request to the Eligible GIC Custodian, directing the Eligible GIC Custodian to transfer to the securities account of the Funding 1 Collateralised GIC Account Bank specified in such Collateral Return Request, certain Posted Collateral, the type and Value of such Posted Collateral as specified therein

4.3 **Return of Ineligible Collateral**

If at any time, any Eligible Collateral which has been transferred pursuant to Clause 4.1 (*Deposit of Eligible Collateral*) ceases to qualify as Eligible Collateral (“**Ineligible Collateral**”), the Funding 1 Collateralised GIC Account Bank may, provided that (i) a Funding 1 Collateralised GIC Enforcement Event has not occurred and is continuing, and (ii) there is no Collateral Shortfall Amount, send an Instruction to the Eligible GIC Custodian requesting the transfer of the Ineligible Collateral to the securities account of the Funding 1 Collateralised GIC Account Bank specified in such Instruction

5 **CASH ACCOUNTS AND DISTRIBUTION ACCOUNT**

- (a) Any amounts standing from time to time to the credit of the Cash Accounts and the Distribution Account will be subject to the Security granted pursuant to Clause 2 (*Creation of Security*) of this Agreement, but will not form part of the Posted Collateral
- (b) If on any Valuation Date, there is an amount standing to the credit of the Cash Accounts and/or the Distribution Account (such aggregate amount being a “**Surplus Amount**”, and such cash being “**Surplus Collateral**”), provided that a Funding 1 Collateralised GIC Enforcement Event has not occurred and is continuing
 - (i) the Funding 1 Collateralised GIC Account Bank may, at or before the Request Time on that Valuation Date, deliver to Funding 1 (or following

the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) a request for the return of all of part of the Surplus Collateral (a "**Surplus Return Request**"), such Surplus Return Request taking the form of an Instruction, which shall also be countersigned by the Cash Manager in accordance with the Cash Management Agreement,

- (ii) upon receipt of such Surplus Return Request and at or before the Request Return Time on that Valuation Date, Funding 1 (or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) may, provided that it is satisfied that the Collateral Test in respect of such Valuation Date has been passed (Funding 1 or the Funding 1 Security Trustee, as applicable, being able to rely on the Cash Manager countersigning the Surplus Return Request as evidence that the Collateral Test in respect of such Valuation Date has been passed), countersign and deliver such Surplus Return Request to the Funding 1 Collateralised GIC Account Bank, and
- (iii) upon receipt of the countersigned Surplus Return Request and at or before the Custodian Cut-off Time on that Valuation Date, the Funding 1 Collateralised GIC Account Bank shall deliver the Surplus Return Request to the Eligible GIC Custodian, directing the Eligible GIC Custodian to transfer to the cash account of the Funding 1 Collateralised GIC Account Bank specified in such Surplus Return Request, the Surplus Collateral as specified therein

6 OPERATION OF THE ACCOUNTS

6.1 Eligible Custody Agreement

The parties agree that, as between themselves, the Eligible Custody Agreement shall be subject to this Agreement and, in the event of any inconsistency between the terms of the Eligible Custody Agreement and, as between themselves, the terms of this Agreement, the terms of this Agreement shall prevail to the extent of the inconsistency

6.2 Withdrawals from the Accounts

- (a) Prior to the release of the Security constituted by this Agreement pursuant to Clause 3 (*Release*), Posted Collateral held in the GIC Collateral Custody Account may not be withdrawn or transferred from the GIC Collateral Custody Account by the Funding 1 Collateralised GIC Account Bank without the prior written consent of Funding 1 or, following delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee (such consent to be provided by Funding 1 or the Funding 1 Security Trustee, as applicable, countersigning a Collateral Return Request from the Funding 1 Collateralised GIC Account Bank), except in circumstances where the Funding 1 Collateralised GIC Account Bank has sent an Instruction to the Eligible GIC Custodian requesting the transfer of Ineligible Collateral as provided in Clause 4.3 above
- (b) In respect of any withdrawal that is made pursuant to the procedure set out in Clause 4.2, Clause 4.3 or Clause 5 above, the Eligible Collateral, Ineligible Collateral or Surplus Collateral (as applicable) shall be automatically released

from the Security and Funding 1 or the Funding 1 Security Trustee, as applicable, hereby agrees to take (at the cost of Funding 1) any additional step reasonably necessary to effect such release

6.3 Instructions to Eligible GIC Custodian

- (a) The Funding 1 Collateralised GIC Account Bank shall give all necessary Instructions to the Eligible GIC Custodian in accordance with the Eligible Custody Agreement to effect the deposit and/or withdrawal of Eligible Collateral (including in respect of Ineligible Collateral) to and/or from (as the case may be) the Eligible Custody Agreement in accordance with this Agreement
- (b) The Funding 1 Collateralised GIC Account Bank will deliver to Funding 1 a copy of all notices, statements and Instructions delivered by the Funding 1 Collateralised GIC Account Bank to the Eligible GIC Custodian under the Eligible Custody Agreement
- (c) Following the commencement of any enforcement action by Funding 1 or the Funding 1 Security Trustee, as applicable, pursuant to Clause 10 (*Enforcement of Security*), any Instructions to withdraw or transfer any Eligible Collateral from the GIC Collateral Custody Account must be countersigned by Funding 1 or, following delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee

7 VOTING RIGHTS AND PROCEEDS

7.1 Voting rights and proceeds prior to a Funding 1 Collateralised GIC Enforcement Event

Prior to the occurrence of a Funding 1 Collateralised GIC Enforcement Event, the Funding 1 Collateralised GIC Account Bank shall

- (a) ensure that all cash proceeds received in respect of the Posted Collateral are deposited and held in the Cash Accounts and/or the Distribution Account, subject to the return of Surplus Collateral provisions in Clause 5(b) of this Agreement, and
- (b) be entitled to exercise all voting rights in relation to the Posted Collateral (and provide all instructions to the Eligible GIC Custodian in respect of the exercise of any voting rights)

7.2 Voting rights and proceeds after a Funding 1 Collateralised GIC Enforcement Event

Upon the occurrence of a Funding 1 Collateralised GIC Enforcement Event which is continuing, and without prejudice to the provisions of Clause 10 (*Enforcement of Security*) of this Agreement, Funding 1 (or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) may at its discretion and following the giving of notice to the Funding 1 Collateralised GIC Account Bank (and without any further consent or authority from the Funding 1 Collateralised GIC Account Bank)

- (a) exercise (or refrain from exercising) any voting rights in respect of the Posted Collateral,
- (b) apply all proceeds received in respect of the Posted Collateral as though they were the proceeds of sale under this Agreement,
- (c) transfer the Posted Collateral into the name of, in the case of Funding 1, Funding 1 or such nominee(s) of Funding 1 as it shall require, or in the case of the Funding 1 Security Trustee, such nominee(s) of the Funding 1 Security Trustee as it shall require, and
- (d) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Posted Collateral in each case in the manner and on the terms Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, as applicable, thinks fit, and the proceeds of any such action shall form part of the Security Assets

8 FUNDING 1 COLLATERALISED GIC ACCOUNT BANK'S REPRESENTATIONS AND UNDERTAKINGS

8.1 Representations

The Funding 1 Collateralised GIC Account Bank makes the following representations and warranties to Funding 1 and the Funding 1 Security Trustee and acknowledges that Funding 1 and the Funding 1 Security Trustee have become a party to this Agreement in reliance on these representations and warranties

- (a) Status
 - (i) It is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation
 - (ii) It has the power to own its assets and carry on its business as it is being conducted
- (b) Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Agreement (including any transfer of the Posted Collateral on creation or enforcement of the Security) and the Funding 1 Bank Account Agreement do not and shall not conflict with

- (i) any law or regulation applicable to it,
- (ii) its constitutional documents, or
- (iii) any agreement or instrument binding upon it,

in any way that shall have a material adverse effect on such entry, performance or transactions

(c) Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and the Funding 1 Bank Account Agreement and the transactions contemplated by this Agreement and the Funding 1 Bank Account Agreement

(d) Ownership of Posted Collateral

It is the sole beneficial or economic owner of the Posted Collateral free and clear of all security interests save as created by this Agreement or in favour of the Eligible GIC Custodian pursuant to the Eligible Custody Agreement and has not sold or disposed of or granted any options or pre-emption rights in respect of any of its right, title and interest, in the Posted Collateral

(e) Authorisations

All material authorisations required or desirable

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Agreement and the Funding 1 Bank Account Agreement, and

(ii) to make this Agreement and the Funding 1 Bank Account Agreement admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect

(f) Repetition

The representations set out in Clauses (a) (*Status*) to (e) (*Authorisations*) are deemed to be made by the Funding 1 Collateralised GIC Account Bank by reference to the facts and circumstances then existing on the date of this Agreement and each date during the Security Period on which any Posted Collateral is deposited into the GIC Collateral Custody Account

8.2 Undertakings

The Funding 1 Collateralised GIC Account Bank shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntarily or involuntarily, to sell, lease, transfer or otherwise dispose of the whole or any part of the Security Assets and will not create or permit to subsist any security interest on any part of the Security Assets or otherwise deal with any part of the Security Assets, save as may be permitted or contemplated under this Agreement and/or otherwise in favour of the Eligible GIC Custodian pursuant to the Eligible Custody Agreement

9 FURTHER ASSURANCE

9.1 Covenant for Further Assurance

The Funding 1 Collateralised GIC Account Bank will at the cost of Funding 1 do all such acts or execute all such documents (including assignments, transfers, mortgages, charges,

notices and instructions) as Funding 1 or the Funding 1 Security Trustee, as applicable, may specify (and in such form as Funding 1 or the Funding 1 Security Trustee, as applicable, may require in favour of Funding 1, the Funding 1 Security Trustee or their nominee(s), as applicable) for the purpose of exercising the Collateral Rights or perfecting the Security created or intended to be created in respect of the Security Assets (either hereunder or under any replacement collateral security agreement and which may include the execution by the Funding 1 Collateralised GIC Account Bank of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, the Security Assets) or for the exercise of the rights, powers and remedies of Funding 1 or the Funding 1 Security Trustee, as applicable, provided by or pursuant to this Agreement or by law in each case in accordance with the rights vested in it under this Agreement, provided that (notwithstanding the above) the Funding 1 Collateralised GIC Account Bank shall be under no obligation to do any act or thing or to execute any document, if so doing would cause the Funding 1 Collateralised GIC Account Bank to breach any law or regulation applicable to it or to the Security Assets

10 ENFORCEMENT OF SECURITY

10.1 Time for Enforcement

On and at any time after the occurrence of a Funding 1 Collateralised GIC Enforcement Event, the Security created by or pursuant to this Agreement shall be immediately enforceable and Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee may, following written notice to the Eligible GIC Custodian and the Funding 1 Collateralised GIC Account Bank, but without prior authorisation from any court, in its absolute discretion but provided it is in compliance with the provisions of the Eligible Custody Agreement

- (a) secure and perfect its title to all or any part of the Security Assets (including transferring the Security Assets into the name of Funding 1 or its nominees) or otherwise exercise in relation to the Security Assets all the rights of an absolute owner,
- (b) enforce all or any part of the Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold, sell, or otherwise dispose of all or any part of the Security Assets (at the time, in the manner and on the terms it thinks fit),
- (c) apply or appropriate the Security Assets in or towards the payment and discharge of any amounts payable by the Funding 1 Collateralised GIC Account Bank with respect to any Secured Obligations, and
- (d) whether or not it has appointed a Receiver, exercise all or any of the powers, authorisations and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Agreement) on chargees and by this Agreement on any Receiver or otherwise conferred by law on chargees or Receivers,

and for the purposes of this Clause 10.1 Funding 1 (or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) shall be entitled

- (e) to make any currency conversions at the best prevailing rates or effect any transaction in currencies which it thinks fit, and to do so at the best prevailing rates at such times it thinks fit,

provided that, if the relevant Funding 1 Collateralised GIC Enforcement Event is no longer continuing prior to Funding 1 (or the Funding 1 Security Trustee, as applicable) first taking any of the actions referred to in sub-paragraphs (a) to (d) above, the Security shall cease to be enforceable and no such actions may be taken by Funding 1 (or the Funding 1 Security Trustee, as applicable) unless a subsequent Funding 1 Collateralised GIC Enforcement Event occurs and is continuing at the time such action is first taken

10 2 Power of Attorney

- (a) The Funding 1 Collateralised GIC Account Bank, by way of security and solely for the purpose of more fully securing the performance of the Secured Obligations, irrevocably appoints Funding 1, the Funding 1 Security Trustee following delivery of an Intercompany Loan Enforcement Notice and any Receiver following the occurrence of a Funding 1 Collateralised GIC Enforcement Event, severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for
 - (i) carrying out any obligation imposed on the Funding 1 Collateralised GIC Account Bank by this Agreement (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Security Assets),
 - (ii) enabling Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee to exercise, or delegate the exercise of, all or any of the Collateral Rights and other rights exercisable in accordance with this Agreement, and
 - (iii) enabling any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Agreement or by law
- (b) The Funding 1 Collateralised GIC Account Bank shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers

10 3 Power of sale

- (a) The power of sale or other disposal conferred on Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee and on the Receiver by this Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Agreement
- (b) The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Agreement or to the exercise by Funding 1 or

following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee of its right to consolidate all or any of the Security created by or pursuant to this Agreement with any other security in existence at any time or to its power of sale

10 4 Chargee's liability

Funding 1, the Funding 1 Security Trustee (following the delivery of an Intercompany Loan Enforcement Notice) and any Receiver will not be liable to account as mortgagee or mortgagee in possession in respect of the Security Assets or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Security Assets for which a mortgagee or mortgagee in possession might as such be liable

10 5 Right of Appropriation

To the extent that any of the Security Assets constitutes "financial collateral" and this Agreement and the obligations of the Funding 1 Collateralised GIC Account Bank hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003 No 3226), as amended, (the "**Regulations**")), Funding 1 or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee or any Receiver, shall have the right to appropriate all or any part of such financial collateral in or towards discharge of any Secured Obligations at such time and may exercise such right to appropriate upon giving written notice to the Funding 1 Collateralised GIC Account Bank For this purpose, the parties agree that the value of such financial collateral so appropriated shall be the Value of the Posted Collateral determined by Funding 1 or the Funding 1 Security Trustee or any Receiver, as applicable, by reference to such process as Funding 1 or the Funding 1 Security Trustee or any Receiver, as applicable, may select, including independent valuation The parties agree that the method of valuation provided for in this Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations

10 6 Statutory powers

The powers conferred by this Agreement on Funding 1 and following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the Law of Property Act 1925, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Agreement the terms of this Agreement will prevail

10 7 Eligible GIC Custodian

- (a) Upon the occurrence of a Funding 1 Collateralised GIC Enforcement Event, and provided that such Funding 1 Collateralised GIC Enforcement Event is then continuing, nothing in this Agreement or the Eligible Custody Agreement shall prevent Funding 1 (or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee) from being entitled to instruct the Eligible GIC Custodian to exercise on its behalf, any of the rights and/or powers of Funding 1 or the Funding 1 Security Trustee, as applicable, in

respect of the enforcement of the Security, including without limitation, the sale of Posted Collateral

- (b) All monies received or recovered by the Eligible GIC Custodian (on behalf of Funding 1), shall be applied by Funding 1 in accordance with Clause 15 of this Agreement

11 RECEIVERS AND ADMINISTRATORS

11 1 Appointment and removal

At any time after this Agreement becomes enforceable in accordance with Clause 10 (*Enforcement of Security*), Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, may by deed or otherwise (acting through an authorised officer of Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, as applicable), without prior notice to the Funding 1 Collateralised GIC Account Bank

- (a) appoint a Receiver of the whole or any part of the Security Assets,
- (b) remove (so far as it is lawfully able) any Receiver so appointed, and
- (c) appoint another person(s) as an additional or replacement Receiver(s)

11 2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 11 1 (*Appointment and removal*) will be

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver,
- (b) for all purposes deemed to be the agent of the Funding 1 Collateralised GIC Account Bank which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, and
- (c) entitled to remuneration for his services at a rate to be fixed by Funding 1 from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925)

11 3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of Funding 1 under the Law of Property Act 1925 (as extended by this Agreement) or otherwise and such powers shall remain exercisable from time to time by Funding 1 or, following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee in respect of any part of the Security Assets

11 4 Powers of Receivers

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Funding 1 Collateralised GIC Account Bank) have and be entitled to exercise, in relation to the Security Assets in respect of which he was appointed, and as varied and extended by the provisions of this Agreement (in the name of or on behalf of the Funding 1 Collateralised GIC Account Bank or in his own name and, in each case, at the cost of the Funding 1 Collateralised GIC Account Bank)

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act,
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver),
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the Funding 1 Collateralised GIC Account Bank itself could do or omit to do,
- (d) the power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise any subsequent delegation or any revocation of such power, authority or discretion by the Receiver itself, and
- (e) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Funding 1 Collateralised GIC Account Bank) which seem to the Receiver to be incidental or conducive to
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him,
 - (ii) the exercise of any rights, powers and remedies of Funding 1 provided by or pursuant to this Agreement or by law (including realisation of all or any part of the Security Assets), or
 - (iii) bringing to his hands any assets of the Funding 1 Collateralised GIC Account Bank forming part of, or which when got in would be, Security Assets

11 5 Consideration

The receipt of Funding 1, the Funding 1 Security Trustee (following the delivery of an Intercompany Loan Enforcement Notice) or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or disposal of any of the Security Assets or making any acquisition, Funding 1 or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit

11 6 Protection of purchasers

No purchaser or other person dealing with Funding 1, the Funding 1 Security Trustee (following the delivery of an Intercompany Loan Enforcement Notice) or any Receiver shall be bound to inquire whether the right of Funding 1, the Funding 1 Security Trustee or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of Funding 1 or such Receiver in such dealings

11 7 Discretions

Any liberty or power which may be exercised or any determination which may be made under this Agreement by Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons

12 EFFECTIVENESS OF COLLATERAL

12 1 Collateral Cumulative

The collateral constituted by this Agreement and the Collateral Rights shall be cumulative, in addition to and independent of every other security which Funding 1 may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by Funding 1 over the whole or any part of the Security Assets shall merge into the collateral constituted by this Agreement

12 2 No Waiver

No failure to exercise, nor any delay in exercising, on the part of Funding 1 or, as the case may be, the Funding 1 Security Trustee, any right or remedy under this Agreement shall operate as a waiver of any such right or remedy or constitute an election to affirm this Agreement. No single or partial exercise of any right or remedy shall prevent, or as the case may be, the Funding 1 Security Trustee, any further or other exercise or the exercise of any other right or remedy of Funding 1 or, as the case may be, the Funding 1 Security Trustee. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law

12 3 Illegality, Invalidity, Unenforceability

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired

12 4 No liability

None of the Funding 1 Security Trustee, its nominee(s) or any Receiver appointed pursuant to this Agreement shall be liable by reason of (a) taking any action permitted by this Agreement or (b) any neglect or default in connection with the Security Assets or (c) the taking possession or realisation of all or any part of the Security Assets, except in the case of gross negligence, fraud or wilful default upon its part, and, in the case of the

Funding 1 Security Trustee, subject always to the rights of and protections afforded to the Funding 1 Security Trustee under and in accordance with Clause 19 hereof

12.5 Implied Covenants for Title

The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clauses 2.2 (*Security*) and 2.3 (*Eligible Custody Agreement*)

12.6 Continuing security

- (a) The Security from time to time constituted by this Agreement is a continuing security and will remain in full force and effect as a continuing security until released or discharged by Funding 1 or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee
- (b) No part of the Security from time to time constituted by this Agreement will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations

12.7 Immediate recourse

The Funding 1 Collateralised GIC Account Bank waives any right it may have of first requiring Funding 1 or, as the case may be, the Funding 1 Security Trustee to proceed against or enforce any other rights or Security or claim payment from any person before claiming from the Funding 1 Collateralised GIC Account Bank under this Agreement. This waiver applies irrespective of any law or any provision of this Agreement to the contrary.

12.8 No prejudice

The Security created by or pursuant to this Agreement and the rights, powers and remedies of Funding 1, or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee provided by or pursuant to this Agreement or by law shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Funding 1 Collateralised GIC Account Bank or any other person by Funding 1 or following the delivery of an Intercompany Loan Enforcement Notice, the Funding 1 Security Trustee, or by any other thing which might otherwise prejudice the Security or any rights, powers and remedies of Funding 1 or the Funding 1 Security Trustee, as applicable, provided by or pursuant to this Agreement or by law.

13 RETENTION OF AGREEMENT

Notwithstanding any other provision of this Agreement, Funding 1 may retain this Agreement, the Security constituted by or pursuant to this Agreement and all documents relating to or evidencing ownership of all or any part of the Security Assets for a period of seven months after any discharge in full of the Secured Obligations, provided that if at any time during that seven month period a petition or application is presented for an order for the winding-up of, or the making of an administration order in respect of, the Funding 1 Collateralised GIC Account Bank or any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Funding 1 Collateralised

GIC Account Bank or files such a notice with the court or the Funding 1 Collateralised GIC Account Bank commences to be wound-up voluntarily or any analogous proceedings are commenced in respect of it, Funding 1 may continue to retain such Security and such documents for such further period as Funding 1 may reasonably determine and the Security and such documents shall be deemed to have continued to be held as security for the Secured Obligations

14 EXPENSES, STAMP TAXES, INDEMNITY

14 1 Expenses

The Funding 1 Collateralised GIC Account Bank shall promptly on demand pay Funding 1 or the Funding 1 Security Trustee, as applicable, the amount of all costs and expenses (including legal fees) properly incurred by Funding 1 or the Funding 1 Security Trustee, as applicable, in connection with the negotiation, preparation and execution of this Agreement and the completion of the transactions and perfection of the security contemplated in this Agreement

14 2 Enforcement expenses

The Funding 1 Collateralised GIC Account Bank shall, within three Business Days of demand, pay to Funding 1 or the Funding 1 Security Trustee, as applicable, all the costs and expenses (including legal fees) on a full indemnity basis incurred by it in connection with the exercise, preservation and/or enforcement of any of the rights, powers or remedies of Funding 1 or the Funding 1 Security Trustee, as applicable, or any proceedings instituted by or against Funding 1 or the Funding 1 Security Trustee, as applicable, as a consequence of taking or holding the Security or of enforcing any rights, powers or remedies of Funding 1 or the Funding 1 Security Trustee, as applicable

14 3 Stamp Taxes

The Funding 1 Collateralised GIC Account Bank shall pay all stamp, registration and other taxes to which this Agreement, the Security or any judgment given in connection with it is or at any time may be subject and shall, from time to time, indemnify Funding 1 and the Funding 1 Security Trustee, as applicable, on demand against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying any such tax

- 14 4 The provisions of Clause 14 1 (*Expenses*), Clause 14 2 (*Enforcement expenses*) and Clause 14 3 (*Stamp Taxes*) above are without prejudice to the rights of the Funding 1 Security Trustee as set out in the other Transaction Documents

15 ENFORCEMENT PROCEEDS

15 1 Applications of Proceeds

All moneys received or recovered by Funding 1, the Funding 1 Security Trustee or any Receiver pursuant to this Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied in accordance with the relevant Funding 1 Priority of Payment, *provided that*, any moneys received or recovered by Funding 1, the Funding 1 Security Trustee or any Receiver pursuant to this Agreement or the powers

conferred by it in excess of the Secured Obligations shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be paid to the Funding 1 Collateralised GIC Account Bank for its own account

16 OTHER SECURITY INTERESTS

16.1 Redemption or transfer

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking security in case of exercise by Funding 1, the Funding 1 Security Trustee or any Receiver of any power of sale under this Agreement, Funding 1 may redeem such prior security or procure the transfer thereof to itself

16.2 Accounts

Funding 1 may settle and pass the accounts of the prior security and any accounts so settled and passed will be conclusive and binding on the Funding 1 Collateralised GIC Account Bank

16.3 Costs of redemption or transfer

All principal monies, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by the Funding 1 Collateralised GIC Account Bank to Funding 1 and the Funding 1 Security Trustee, as the case may be, on demand together with accrued interest thereon (after as well as before judgment) at the rate applicable to unpaid amounts, as agreed to between the parties from time to time, from the time or respective times of the same having been paid or incurred until payment thereof (after as well as before judgment)

16.4 Subsequent Interests

If Funding 1 at any time receives notice of any subsequent mortgage, assignment, charge or other interest affecting all or any part of the Security Assets, all payments made by the Funding 1 Collateralised GIC Account Bank to Funding 1 or the Funding 1 Security Trustee after that time shall be treated as having been credited to a new account of the Funding 1 Collateralised GIC Account Bank and not as having been applied in reduction of the Secured Obligations as at the time when Funding 1 received notice

17 SUSPENSE ACCOUNTS

All monies received, recovered or realised by Funding 1 and the Funding 1 Security Trustee, as the case may be, under this Agreement (including the proceeds of any conversion of currency) may in the discretion of Funding 1 and the Funding 1 Security Trustee, as the case may be, be credited to any interest bearing suspense or impersonal account maintained with any bank, building society or financial institution as it considers appropriate and may be held in such account by Funding 1 and the Funding 1 Security Trustee, as the case may be, for up to 18 months pending their application from time to time (as Funding 1 and the Funding 1 Security Trustee, as the case may be, is entitled to do in its discretion) in or towards the discharge of any of the Secured Obligations and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above

18 ASSIGNMENTS

This Agreement (or any part thereof) shall not be assigned or transferred by any party without the prior written consent of the Funding 1 Collateralised GIC Account Bank, except in the case of assignment or transfer by Funding 1 by way of security to the Funding 1 Security Trustee pursuant to the Funding 1 Deed of Charge

19 FUNDING 1 SECURITY TRUSTEE

The Funding 1 Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under the Transaction Documents and the Security (as defined herein and as defined in the Master Definitions and Construction Schedule) and shall not assume any liabilities or obligations under this Agreement unless such obligation or liability is expressly assumed by the Funding 1 Security Trustee in this Agreement. The Funding 1 Security Trustee will exercise its powers and authority under this Agreement in the manner provided for in the Note Trust Deed and the Funding 1 Deed of Charge and, in so acting, the Funding 1 Security Trustee shall have the protections, immunities, rights, powers, authorisations, indemnities and benefits conferred on it under and by the Note Trust Deed, the Funding 1 Deed of Charge and the other Transaction Documents

20 MISCELLANEOUS

20 1 Benefit of the Agreement

The Funding 1 Collateralised GIC Account Bank agrees that its obligations hereunder will be enforceable at the instance of Funding 1 or, as described herein, the Funding 1 Security Trustee in accordance with the terms hereof on behalf of Funding 1

20 2 Binding Nature of Agreement; Successors and Assigns

This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns as provided in this Agreement

20 3 Entire Agreement

This Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof

20 4 No Modifications or Amendments

This Agreement may not be modified or amended other than by an agreement in writing executed by the parties hereto

20 5 Conflict with Note Trust Deed or Funding 1 Deed of Charge

In the event that this Agreement requires any action to be taken with respect to any matter and the Note Trust Deed (including the Conditions) or the Funding 1 Deed of

Charge requires that a different action be taken with respect to such matter, and such actions are mutually exclusive, the provisions of the Note Trust Deed (including the Conditions) or the Funding 1 Deed of Charge (as the case may be) in respect thereof will prevail

20 6 Survival of Representations, Warranties and Indemnities

Each representation and warranty made or deemed to be made in this Agreement or pursuant hereto, and each indemnity provided for by this Agreement, will survive the termination of this Agreement

20 7 Remedies Cumulative

Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided at law or in equity

20 8 Third Party Rights

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999

20 9 Counterparts

The Agreement may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Agreement may enter into the same be executing and delivering a counterpart

21 NOTICES

21 1 All communications pursuant to this Agreement will be in writing and will be delivered at or sent by facsimile transmission or e-mail to the following addresses or to such other address as the relevant party may notify to the other parties to this Agreement in writing from time to time

(a) if to Funding 1, to it at

2nd Floor, Pollen House
10 Cork Street
London
W1S 3NP

Attention	The Directors
Facsimile	+44 (0) 207 439 8940
E-mail	arkle@sannegroup.com

(b) if to the Funding 1 Collateralised GIC Account Bank, to it at

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

Attention Director, Retail Secured, Asset Backed Solutions
Facsimile +44 (0) 20 7158 3247

- (c) if to the Funding 1 Security Trustee, to it at

The Bank of New York Mellon
One Canada Square
London
E14 5AL

Attention Corporate Trust Administration – Arkle Master Issuer Plc
Facsimile +44 207 964 2533
Copy to Fax +44 1202 689660

- (d) if to the Cash Manager, to it at

Lloyds Bank plc
PO Box 81
Pendeford Business Park
Wobaston Road
WV9 5HZ

Attention Senior Manager, Securitisation
Facsimile +44 (0) 1452 373 762

22 INCORPORATION OF CERTAIN PROVISIONS OF THE FUNDING 1 DEED OF CHARGE

The provisions of Clause 5.4 (*Limited Recourse*) of the Funding 1 Deed of Charge (attached hereto at Schedule 5) shall apply *mutatis mutandis* as if set out in full herein and shall survive termination of this Agreement

23 NO PROCEEDINGS AGAINST FUNDING 1

The Funding 1 Collateralised GIC Account Bank agrees with and acknowledges that only the Funding 1 Security Trustee (pursuant to the Funding 1 Deed of Charge) may pursue the remedies available under the general law or under the Funding 1 Deed of Charge to enforce the security thereunder and the Funding 1 Collateralised GIC Account Bank shall not be entitled to proceed directly against Funding 1 to enforce the such security

The Funding 1 Collateralised GIC Account Bank agrees with and acknowledges to each of Funding 1 and the Funding 1 Security Trustee, that

- (a) only the Funding 1 Security Trustee (pursuant to the Funding 1 Deed of Charge) is entitled to enforce the security thereunder or to take proceedings against Funding 1 to enforce such security,
- (b) the Funding 1 Collateralised GIC Account Bank shall not, nor shall any person acting on behalf of the Funding 1 Collateralised GIC Account Bank have any

right to take any proceedings against Funding 1 to enforce the security under the Funding 1 Deed of Charge or, save in accordance with the terms of the Transaction Documents, to direct the Funding 1 Security Trustee to do so;

- (c) the Funding 1 Collateralised GIC Account Bank shall not have the right to take or join any person in taking any steps against Funding 1 for the purpose of obtaining payment of any amount due from Funding 1 to the Funding 1 Collateralised GIC Account Bank,
- (d) the Funding 1 Collateralised GIC Account Bank shall not, nor shall any person acting on behalf of the Funding 1 Collateralised GIC Account Bank initiate or join any person in initiating any Insolvency Proceedings in relation to Funding 1, and
- (e) the Funding 1 Collateralised GIC Account Bank shall not be entitled to take any steps or proceedings which would result in the Funding 1 Priority of Payments not being observed

24 GOVERNING LAW AND JURISDICTION

24.1 Governing Law

This Agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation) and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law

24.2 Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement or any non-contractual obligation arising out of or in connection with it, and accordingly any legal action or proceedings arising out of or in connection with this Agreement or such non-contractual obligations ("**Proceedings**") may be brought in such courts. The parties hereto irrevocably submit to the jurisdiction of such courts and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

THIS AGREEMENT has been executed as a deed by the parties and is delivered by them on the date specified above.

SCHEDULE 1
THE GIC COLLATERAL CUSTODY ACCOUNT

LLOYDSARKLEGICCOLLATCUSTODYACC ■■■ 255

SCHEDULE 2
VALUATION PERCENTAGES

Remaining Period to Maturity:	Valuation Percentage	
	Fixed Rate Sterling denominated obligations of the UK Government	Zero Coupon Sterling denominated obligations of the UK Government
Up to 1 year	96 0%	94 0%
Over 1 year and up to, and including, 3 years	88 0%	Not applicable
Over 3 years and up to, and including, 5 years	86 0%	Not applicable
Over 5 years and up to, and including, 7 years	84 0%	Not applicable
Over 7 years and up to, and including, 10 years	82 0%	Not applicable
Over 10 years and up to, and including, 15 years	80 0%	Not applicable
Over 15 years and up to, and including, 20 years	78 0%	Not applicable
Over 20 years	76 0%	Not applicable

For any **Eligible Collateral** not specified in the above table, the applicable Valuation Percentage shall be as determined from time to time between the Funding 1 Collateralised GIC Account Bank and Funding 1 (such Valuation Percentage as notified to the Funding 1 Security Trustee), subject to there being no negative rating implication on the Notes at the time of determination

EXECUTION VERSION

CUSTODY AGREEMENT

11 DECEMBER 2014

by and between

LLOYDS BANK PLC
as Security Provider

ARKLE FUNDING (No 1) LIMITED
Funding 1

THE BANK OF NEW YORK MELLON
as Funding 1 Security Trustee

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Custodian

CUSTODY AGREEMENT, dated as of 11 December, 2014 (“**Agreement**”) between

- 1 **LLOYDS BANK PLC**, a public limited company incorporated under the laws of England and Wales, with company number 00002065, having its registered office at 10 Gresham Street, London EC2V 7AE (the “**Security Provider**”),
- 2 **ARKLE FUNDING (NO. 1) LIMITED**, a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London, W1S 3NP (“**Funding 1**”),
- 3 **THE BANK OF NEW YORK MELLON**, a banking corporation organised under the laws of the State of New York and operating through its branch in London at One Canada Square, London E14 5AL, United Kingdom (in its capacity as the “**Funding 1 Security Trustee**” under the Funding 1 Deed of Charge), and
- 4 **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a banking corporation organised under the laws of the State of New York and operating through its branch in London at One Canada Square, London E14 5AL, United Kingdom (in its capacity as the “**Custodian**”)

The Security Provider, Funding 1, the Funding 1 Security Trustee and the Custodian are hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**”

SECTION 1 – CUSTODY ACCOUNTS; INSTRUCTIONS

1.1 Definitions. Whenever used in this Agreement, the following words shall have the meanings set forth below

“Act” has the meaning set out in Section 6 7

“Accounts” shall mean the GIC Collateral Custody Account, the Cash Accounts and the Distribution Account opened with the Custodian in London, and “Account” shall mean any one of them as the context may require

“Assignment Notice” has the meaning set out in Section 9 3

“Authorised Person” shall mean

- (a) in the case of the Secured Party, (i) the Secured Party or (ii) any Person who has been duly authorised by the Secured Party, by notice in writing to the Custodian, to act on its behalf in the performance of any act, discretion or duty under this Agreement (including, from time to time to give Instructions to the Custodian under the terms of this Agreement), and
- (b) in the case of the Security Provider, (i) the Security Provider or (ii) any Person who is designated in writing by the Security Provider (including as set out in a signatory list given to the Custodian), from time to time to give Instructions to the Custodian under the terms of this Agreement

Authorised Persons shall include Persons authorised by an Authorised Person. Authorised Persons, their signatures and the extent of their authority shall be provided by Instructions. The Custodian may conclusively rely on the authority of such Authorised Persons until it receives an Instruction to the contrary.

“BNY Mellon Affiliate” shall mean any direct or indirect subsidiary of The Bank of New York Mellon Corporation, a Delaware corporation with registered office at One Wall Street, New York, NY 10286, U S A.

“Business Day” shall mean a day that is a London Business Day, a New York Business Day and a TARGET2 Business Day.

“Cash” shall have the meaning set forth in Section 1.3.

“Cash Accounts” shall have the meaning as set out in Section 1.3(b).

“Charged Assets” shall mean (i) the Eligible Collateral held by the Custodian in the GIC Collateral Custody Account, (ii) all Related Rights in relation to the Eligible Collateral, and (iii) the Cash Accounts, the Distribution Account and any amounts standing from time to time to the credit of the Cash Accounts and/or the Distribution Account.

“Clearstream, Luxembourg” shall mean Clearstream Banking, société anonyme.

“Client” has the meaning set out in paragraph (a) of Schedule B.

“Client Asset Rules” shall mean the client asset rules as set out in the Client Assets sourcebook of the FCA Rules.

“Client Money Distribution Rules” shall mean the client money distribution rules set out in Chapter 7A of the Client Asset Rules.

“Client Money Rules” shall mean the client money rules set out in Chapter 7 of the Client Asset Rules.

“Code” shall mean the US Internal Revenue Code of 1986.

“Collateral Return Request” shall have the meaning set out in the Funding 1 Collateral Security Agreement.

“Custodian Cut-off Time” shall have the meaning set out in the Funding 1 Collateral Security Agreement.

“Custody Income Proceeds” shall mean

- (a) in the case of Eligible Collateral, any interest paid by the issuer of such Eligible Collateral, and
- (b) any interest paid on or deducted from any cash balance in the Cash Accounts by the Custodian.

‘Data Providers’ shall mean pricing vendors, brokers, dealers, investment managers, Authorised Persons, Depositories and any other Person providing Market Data to the Custodian

“Data Licensor Terms” shall mean the set of terms and conditions (as may be amended by the Custodian or any BNY Mellon Affiliate without notice to the Security Provider) available at <http://bnymellon.com/products/assetservicing/vendoragreement.pdf> or any successor website the address of which is provided by the Custodian to the Security Provider

‘Depository’ shall mean CREST, the Depository Trust & Clearing Corporation, Euroclear or Clearstream, Luxembourg

“Designated Eligible Collateral” has the meaning set out in Section 3.5(c)(i)

“Distribution Account” shall have the meaning as set out in Section 1.3(c)

“Distributions” shall mean all interest, cash dividends and other cash income distributed or paid in respect of Cash and Eligible Collateral, including Custody Income Proceeds

“Eligible Collateral” shall have the meaning as set out in the Funding 1 Collateral Security Agreement

“Enforcement Notice” has the meaning set out in Section 3.4

“Enforcement Notice Form of Acknowledgment” has the meaning set out in Section 3.4

“Equitable and Insolvency Reservations” shall mean the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors

“Euroclear” shall mean Euroclear Bank S.A./N.V.

“FATCA” shall mean Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto

“FATCA Notification” has the meaning set out in Section 6.2

“FATCA Withholding Tax” shall mean any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA

“FATCA Compliant Person” shall mean a person that is not subject to FATCA Withholding Tax in respect of payments under this Agreement or any Transaction Document or otherwise treated as non-compliant under FATCA

“FCA” shall mean the United Kingdom’s Financial Conduct Authority (and any successor regulatory authority)

“FCA Rules” means the rules promulgated by the FCA under FSMA as amended or replaced from time to time

“FSCS” means the Financial Services Compensation Scheme

“FSMA” means the Financial Services and Markets Act 2000

“Fitch” has the meaning set out in the Master Definitions and Construction Schedule,

“Form of Acknowledgement” has the meaning set out in Section 3 5

“Funding 1 Bank Account Agreement” shall mean the Funding 1 Bank Account Agreement dated 6 November 2006 as further amended and restated on 30 April 2010, 12 October 2010, 11 July 2011 and 11 December 2014 and made between Funding 1, the Funding 1 Security Trustee and the Security Provider (in its capacity as Funding 1 Account Bank including in respect of the Funding 1 Collateralised GIC Account) (as amended, restated, supplemented, novated and/or replaced from time to time) which governs the operation of the Funding 1 Collateralised GIC Account

“Funding 1 Collateral Security Agreement” shall mean the security agreement dated 11 December 2014 and made between Funding 1, the Cash Manager, the Funding 1 Security Trustee and the Funding 1 Collateralised GIC Account Bank, in respect of the obligations of the Funding 1 Collateralised GIC Account Bank in respect of the Funding 1 Collateralised GIC Account

“Funding 1 Collateralised GIC Account” shall mean the account in the name of Arkle Funding (No 1) Limited with the Funding 1 Collateralised GIC Account Bank which is denominated in GBP with account number [REDACTED] 933, account name ARKLEF1COL and sort code [REDACTED]

“Funding 1 Collateralised GIC Account Bank” shall mean Lloyds Bank plc in its capacity as Funding 1 Account Bank with respect to the Funding 1 Collateralised GIC Account under the Funding 1 Bank Account Agreement

“Funding 1 Collateralised GIC Account Shortfall Amount” means the shortfall amount specified in clause (d)(ii) of Schedule C being the amounts standing to the credit of the Funding 1 Collateralised GIC Account that have not been capable of being withdrawn from such account

“Funding 1 Deed of Charge” shall mean the deed of charge entered into on or about 6 November 2006 between, amongst others, Funding 1 and the Funding 1 Security Trustee (as amended, restated, supplemented, varied, novated and/or replaced from time to time including as supplemented on 11 December 2014 and as acceded to by any other person from time to time)

“Funding 1 GIC Account” means the account in the name of Funding 1 held at the Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 Security Trustee

“GIC Collateral Custody Account” shall have the meaning as set out in Section 1 3(a)

“Instructing Party” shall mean (i) until a Secured Party Notice delivered by the Secured Party becomes effective, both the Security Provider and the Secured Party, (ii) following a Secured Party Notice becoming effective in accordance with Section 3 5, the Secured Party, and (iii) following delivery of a Notice of Discharge confirming release of the Security granted by the

Security Provider to Funding 1 and discharge of the Secured Obligations in full, the Security Provider

“Instructions” shall mean written communications received by the Custodian by S W I F T , overnight delivery, postal services, facsimile transmission, email, on-line communication system or other method or system, each as specified by the Custodian as available for use in connection with the services hereunder. Postal services, facsimile transmission and email are intended to be available for use as methods of communication in connection with the services hereunder at all times, subject to there being any interruption in the provision of such services, including as a result of third party actions or omissions or for technological reasons

“Liquidation Period” has the meaning set out in Section 3 5(c)(i)

“Losses” shall mean, collectively, losses, costs, expenses, damages, liabilities and claims (including properly incurred legal fees and expenses) sustained by any Party

“Market Value” has the meaning set out in Section 7 3(o)

“Note Trust Deed” shall have the meaning given in the Master Definitions and Construction Schedule

“Noteholders” shall mean the holders for the time being of the Notes

“Notes” shall mean the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes and the Class D Notes, in each case of any Series issued by Arkle Master Issuer plc

“Notice of Discharge” has the meaning set out in Section 3 6

“Market Data” shall mean pricing or other data related to Eligible Collateral and other assets. Market Data includes but is not limited to security identifiers, valuations, bond ratings, classification data, and other data received from Data Providers

“Master Definitions and Construction Schedule” shall mean the master definitions and construction schedule dated 6 November 2006 (as amended and restated on 30 April 2010, 12 October 2010, 11 July 2011 and 11 December 2014 entered into by, *inter alios*, Funding 1, and as further amended from time to time)

“Person” or “Persons” shall mean any entity or individual

“Posted Collateral” shall have the meaning set forth in the Funding 1 Collateral Security Agreement

“PRA” shall mean the United Kingdom’s Prudential Regulation Authority (and any successor regulatory authority)

“Property” shall mean Cash and Eligible Collateral

“Regulations” shall mean those rules that apply to the Custodian as promulgated by any Regulatory Authority

"Regulatory Authority" shall mean (i) any regulatory authority to which the Custodian is subject in the United States, and (ii) the FCA and PRA

"Related Rights" shall have the meaning set forth in the Funding 1 Collateral Security Agreement

"Relevant Nominee Company" shall mean a nominee company controlled by the Custodian

"Requisite Rating" shall mean ratings which are equal to or higher than the equivalent ratings held by the Custodian at the time of the relevant assignment or novation

"Rules" shall mean the rules of the FCA and PRA as amended or replaced from time to time as applicable

"S&P or Standard & Poor's" has the meaning set out in the Master Definitions and Construction Schedule,

"Secured Obligations" shall mean all present and future payment obligations and liabilities (whether actual or contingent) of the Security Provider to Funding 1 under the Funding 1 Collateralised Security Agreement and, in respect of the Funding 1 Collateralised GIC Account, under the Funding 1 Bank Account Agreement, except for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law or regulation

"Secured Party" shall mean

- (a) prior to an Enforcement Notice becoming effective in accordance with Section 3 4, Funding 1, and
- (b) subsequent to an Enforcement Notice becoming effective in accordance with Section 3 4, the Funding 1 Security Trustee

"Secured Party Notice" has the meaning set out in Section 3 5(a)

"Security" has the meaning set out in Section 1 2

"Security Interest" has the meaning set out in the Master Definitions and Construction Schedule

"Standard Settlement Instructions" shall mean the standard settlement instructions agreed between the Security Provider and the Custodian relating to the operation of the Distribution Account held by the Custodian and initialed by the Custodian on or around the date of this Agreement for the purposes of identification

"Surplus Return Request" shall have the meaning set out in the Funding 1 Collateral Security Agreement

"Tax Obligations" shall mean taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses

The headings in this Agreement are only for convenience and do not affect its meaning

The schedules form part of this Agreement and shall have the same force and effect as if the provisions of each such schedule were set out in the body of this Agreement. If a provision of this Agreement is inconsistent with any provision contained in Schedule B (*Regulatory Provisions*), the provisions of Schedule B shall prevail.

Any reference to any provision of statute, enactment, order, regulation or other legislation refers to the provision as it is amended or re-enacted from time to time.

Terms not otherwise defined herein shall have the meaning given to them in the Funding 1 Collateral Security Agreement.

Any reference to “client money” and “fails” (when used in Sections 1.3 (b), 1.3(c) or 1.3(d)) shall have the same meaning as is given to them in the glossary of the FCA Rules.

1.2 Background. Pursuant to the Funding 1 Collateral Security Agreement, the Security Provider has granted Security (as such term is defined in the Funding 1 Collateral Security Agreement) in favour of Funding 1 for the Secured Obligations (the “Security”). The Security includes the right, title and interest of the Security Provider in, to and under this Agreement.

1.3 Appointment of Custodian and Establishment of Accounts. The Security Provider (and for the purposes of Section 3.5 of this Agreement, the Secured Party) appoints the Custodian with effect from the date of this Agreement as custodian of the Eligible Collateral deposited by it for safekeeping with the Custodian and to hold any cash, Distributions and monies received for deposit for the account of the Security Provider (“Cash”) in accordance with the terms of this Agreement. The Custodian hereby accepts such appointment and is authorised and instructed to open and maintain in its books

- (a) a securities account, details of which are set out in Schedule D (Part 1) of this Agreement in the name of the Security Provider for the custody and safekeeping in accordance with the terms of this Agreement of the Eligible Collateral and includes any other account which is a successor to any such account or any renumbering or redesignation of accounts (the “GIC Collateral Custody Account”),
- (b) the cash accounts, details of which are set out in Schedule D (Part 2) of this Agreement in the name of the Security Provider for all Cash (save in relation to Distributions deposited into the Distribution Account under (c) below) (the “Cash Accounts”) and includes any other account which is a successor to any such account on any renumbering or redesignation of accounts. Cash held for the Security Provider in the Cash Accounts is held by the Custodian as banker and not as a trustee under the Client Money Rules. If the Custodian fails, the Client Money Rules will not apply to such Cash and so the Security Provider will not be entitled to share in any distribution under the Client Money Distribution Rules, and
- (c) the distribution account shall mean one or more other cash accounts, details of which are set out in Schedule D (Part 3) of this Agreement in the name of the Security Provider for all Distributions and includes any other account which is a successor to any such account on any renumbering or redesignation of accounts (the “Distribution Account”). Cash held for the Security Provider in the Distribution Account is held by the Custodian as banker and not as a trustee under the Client Money Rules. If the Custodian fails, the Client Money Rules will not apply to such Cash and so the

Security Provider will not be entitled to share in any distribution under the Client Money Distribution Rules

- (d) There are limited circumstances in which the Custodian may hold certain sums as client money for the benefit of the Security Provider in accordance with the Client Money Rules. These circumstances are limited to the requirements under the Client Asset Rules pursuant to which the Custodian may be required to segregate certain sums from the Custodian's own funds as client money in certain cases where the Custodian has identified a shortfall in the number of securities held by or for it. Such segregation will continue until such time as the relevant shortfall has been resolved. Such client money amount will be held in accordance with the Client Money Rules on behalf of the Security Provider, to the extent that the Security Provider is affected by the relevant shortfall. If the Custodian fails, the Client Money Distribution Rules will apply to any such money held as client money by the Custodian. The Custodian may from time to time notify the Security Provider of other circumstances in which it may hold client money in accordance with the Client Money Rules. The Custodian shall not pay any interest earned on client money to the Security Provider.

1.4 Distributions.

- (a) The Custodian shall make transfers of cash and monies out of an Account pursuant to Instructions in the form of Surplus Return Requests received from an Authorised Person of the Instructing Party. In making payments to service providers pursuant to Instructions, the Security Provider acknowledges that the Custodian is acting as a paying agent, and not as the payor, for tax information reporting and withholding purposes.
- (b) Until a Secured Party Notice delivered by the Secured Party becomes effective, in accordance with Section 3.5, on each date on which the Custodian receives any Distributions, it will transfer such Distributions into the Distribution Account. The Standard Settlement Instructions shall apply to the transfer out of the Distribution Account and to the operation of the Distribution Account maintained by the Custodian on behalf of the Security Provider if the Instructing Party has provided instructions (by delivering a Surplus Return Request) to effect the Standard Settlement Instructions.
- (c) Following a Secured Party Notice becoming effective in accordance with Section 3.5, on each date thereafter on which the Custodian receives Distributions, the Custodian will transfer such Distributions into the Cash Accounts. For the avoidance of doubt, any Distributions paid or distributed on or prior to the date on which the Secured Party Notice becomes effective shall be paid and/or transferred to or to the order of the Security Provider in accordance with the Standard Settlement Instructions if the Instructing Party has provided instructions (by delivering a Surplus Return Request) to effect the Standard Settlement Instructions.
- (d) The Security Provider or, following a Secured Party Notice becoming effective in accordance with Section 3.5, Funding 1, agrees to reimburse the Custodian immediately, upon demand, in respect of any payment or transfer of Distributions if subsequent to such payment or transfer it transpires that the Security Provider (or the Secured Party) was not entitled to such payment or transfer, and a claim had been made for reimbursement or restitution of such Distribution.

1.5 Scope of Custody Services.

- (a) The Custodian shall in no circumstances have any obligation to (a) hold any assets pursuant to this Agreement other than cash and/or debt securities that are capable of being cleared or settled or held by the Custodian through a Depository, or (b) hold Eligible Collateral otherwise than in the name of the Custodian or its nominee or in the account of the Custodian or its nominee with a Depository. In the event that any non-cash Distribution arises in respect of any Eligible Collateral and such non-cash Distribution is in a form which is not a debt security that is capable of being held by the Custodian through a Depository, the Custodian shall have no obligation to receive or hold such non-cash Distribution, but shall request from the Instructing Party instructions regarding the delivery of such non-cash Distribution.
- (b) The Security Provider agrees to deposit only Eligible Collateral that falls within Section 1.5(a) above with the Custodian.

1.6 Authorised Instructions. The Custodian shall be entitled to rely upon any Instructions actually received by the Custodian and reasonably believed by the Custodian to be from an Authorised Person of an Instructing Party ("Authorised Instructions") and shall not incur any liability to any person for relying upon any such Authorised Instruction. The Custodian is under no duty to question any Authorised Instruction. The Custodian may in its sole discretion decline to act upon any instruction (whether or not an Authorised Instruction) which is insufficient, incomplete or is not received by the Custodian in sufficient time for the Custodian to act upon or which may breach any applicable law, rule or regulation.

1.7 Authentication. If the Custodian receives Instructions that appear on their face to have been transmitted by an Authorised Person of the Instructing Party, via (i) facsimile, email, or other electronic method that is not secure, or (ii) secure electronic transmission containing applicable authorisation codes, passwords or authentication keys, each such Instructing Party understands and agrees that the Custodian cannot determine the identity of the actual sender of such Instructions and that the Custodian shall be entitled to conclusively presume that such Instructions have been sent by an Authorised Person of the Instructing Party. The Security Provider shall be responsible for ensuring that Authorised Instructions given to the Custodian are given only by Authorised Persons (including, for the purposes of the delivery of the Enforcement Notice, the Funding 1 Security Trustee). Each of the Security Provider, the Secured Party and (for the purposes of the delivery of the Enforcement Notice) the Funding 1 Security Trustee, shall ensure that their respective Authorised Persons treat applicable user and authorisation codes, passwords and authentication keys with due care.

1.8 Security Procedure. Each of the Security Provider, Funding 1 and the Funding 1 Security Trustee acknowledges and agrees that it is fully aware of the protections and risks associated with the various methods of transmitting Instructions to the Custodian and that there may be more secure methods of transmitting Instructions than the method selected by the sender. Each of the Security Provider, Funding 1 and the Funding 1 Security Trustee agrees that the security procedures, if any, to be followed in connection with a transmission of Instructions, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

1.9 On-Line Systems. If an Authorised Person elects to transmit Instructions through an on-line communication system offered by the Custodian (such on-line communication systems shall

not, for the avoidance of doubt, include email), the use thereof shall be subject to any terms and conditions contained in a separate written agreement. If the Security Provider, the Secured Party, the Funding 1 Security Trustee (for the purposes of the delivery of the Enforcement Notice) or any of their respective Authorised Persons elect, with the Custodian's prior consent, to transmit Instructions through an on-line communications service owned or operated by a third party, the Security Provider, the Secured Party and the Funding 1 Security Trustee agree that the Custodian shall not be responsible or liable for the reliability or availability of any such service.

1.10 Regulatory Duties. The Custodian has a duty to comply with all relevant Regulations and all applicable anti-money laundering laws, regulations and rules in the United Kingdom and the United States. The Custodian must, inter alia, verify the identity and residence of the Security Provider prior to providing services under this Agreement and must report suspicious transactions to the appropriate law enforcement agencies. The Custodian will not begin providing services to the Security Provider until the Custodian considers that it has performed sufficient due diligence to meet all relevant United Kingdom and United States anti-money laundering laws. The terms of this Agreement are subject to the regulatory terms set out at Schedule B.

SECTION 2 – CUSTODY SERVICES

2.1 Security Provider as beneficial owner. The Custodian will identify Eligible Collateral in its books and records as being beneficially owned by the Security Provider.

2.2 Segregation. Eligible Collateral held for the Security Provider hereunder shall be segregated on the Custodian's books and records from the Custodian's own property and from the property of any BNY Mellon Affiliate and the Custodian's other clients and any other person. Eligible Collateral held directly by the Custodian may be held in a commingled client securities account but such Eligible Collateral may not be held with securities which are beneficially owned by the Custodian or any BNY Mellon Affiliate. The Custodian may not use the Eligible Collateral, subject to its rights of lien and set-off as set out in this Agreement, for its own account.

2.3 Holding Property. Subject to Section 1.5, the Custodian shall hold Property at the Custodian or Depositories and not through a sub-custodian. Property held in Depositories shall be held in accordance with, and subject to, the agreements, rules, laws, regulations, local market practices and conditions, in each case, imposed by and on such Depositories. If Eligible Collateral is held with a Depository which becomes insolvent, the consequences for the Security Provider will depend upon the applicable law (which may not be English law). The insolvency may result in delays in settling or transferring Eligible Collateral held. The effect of any applicable law is outside the control of Custodian and could, for example, mean that the Security Provider's interests in its Eligible Collateral are not recognised as separate from those of the Depository.

2.4 Commingled Accounts. The Security Provider's Eligible Collateral may be held by the Custodian in an omnibus account at a Depository, along with the securities of other customers of the Custodian and will be treated as fungible with all other securities of the same issue held in such account by the Custodian with such Depository. This means that the redelivery rights of the Security Provider in respect of the Eligible Collateral are not in respect of the Eligible Collateral actually deposited with the Custodian from time to time but rather in respect of Eligible Collateral of the same number, class, denomination and

issue as the Eligible Collateral originally deposited with the Custodian in the GIC Collateral Custody Account from time to time. Such Depository may then hold the Security Provider's Eligible Collateral in an omnibus account with a third party that it engages ("third party"). If the Depository defaulted, and held less securities than it should for the benefit of all of its custody clients, there may be a shortfall. Any shortfall may then have to be shared pro rata among all clients whose securities are held by that and the Security Provider may not receive its full entitlement. As a result, in the event of the default of such Depository, there is a risk that not all Eligible Collateral deposited by the Custodian with the Depository will be returned to the Custodian where there is a shortfall at the Depository. In addition, in certain markets, it may not be possible under national law for securities belonging to the Security Provider and held by a Depository or third party to be separately identifiable from the proprietary assets of that Depository or third party (or the Custodian, where the Custodian is a client of the relevant Depository or third party). For the avoidance of doubt, the Custodian shall not deal in, use or take any other action in relation to the Eligible Collateral which it holds for the Security Provider for its own account, including rehypothecation or stock lending.

2.5 Depositories The Custodian shall have no liability whatsoever for the action or inaction of any Depository or for any Losses resulting from the maintenance of Eligible Collateral or Cash with a Depository.

2.6 Registration; Nominees The Custodian hereby notifies the Security Provider and the Security Provider agrees that the Eligible Collateral may be registered in the register of the issuer of such Eligible Collateral or any person so acting for its account in the name of (i) a Relevant Nominee Company or nominee company appointed by a Depository or (ii) the Custodian or a Depository on such terms and conditions as any of the foregoing may require and in each such case where this manner of registration is permitted by the Client Asset Rules. Where Eligible Collateral is registered or recorded in the manner set out in (ii), they may not be physically segregated from the assets of the Custodian or the Depository (as applicable) and the Security Provider's assets may not be as well protected from claims made by the creditors of the Custodian or the Depository. In relation to each of (i) and (ii), such registration may occur provided that the legal title to the Eligible Collateral shall be registered or recorded in any relevant record of legal entitlement in accordance with the applicable Client Asset Rules. The Custodian accepts the same level of responsibility for any Relevant Nominee Company with respect to any requirements of the Client Assets Rules.

The Custodian agrees that (i) it will only appoint a nominee that is a BNY Mellon Affiliate and (ii) it will only use nominee companies where it considers, in its opinion, that it is necessary for it to do so, and the Custodian accepts the same level of responsibility for BNY Mellon Affiliates acting as a nominee and in that capacity only pursuant to this Agreement as it accepts for itself.

2.7 Documents of Title The Custodian may hold any documents of title to Eligible Collateral

- (a) in the physical possession of the Custodian, and
- (b) as the Instructing Party may otherwise direct with the consent of the Custodian which may be withheld in its sole discretion.

Where (b) applies, such documents of title shall be so held at the Security Provider's risk and expense, including the inapplicability of certain provisions of this Agreement

2.8 No Duty. The Custodian will not review investments in the Accounts nor recommend the purchase, retention or sale of any Property. The Custodian will not monitor the Eligible Collateral in the Accounts to determine whether the Security Provider complies with limitations on ownership or any restrictions on investors provided for by local law or regulations or market practice or provisions in the articles of incorporation or by-laws of the issuer of the Eligible Collateral

2.9 Agents The Custodian may outsource and/or appoint agents, including BNY Mellon Affiliates, on such terms and conditions as it deems appropriate to perform its services hereunder. Except as otherwise specifically provided herein, no such outsourcing or appointment shall discharge the Custodian from its obligations hereunder. Subject to Section 1.5, the Custodian agrees that it will not appoint agents to hold Property on its behalf. For these purposes, a BNY Mellon Affiliate acting as a nominee for the Custodian shall not be regarded as an agent

2.11 Custodian Actions without Direction. With respect to Eligible Collateral held hereunder, the Custodian is authorised to, and may authorise Depositories to

- (a) receive all eligible income and other payments due to the relevant Account,
- (b) carry out any exchanges of Eligible Collateral or other corporate actions not requiring discretionary decisions,
- (c) facilitate access by the Security Provider or its designee to ballots or online systems to assist in the voting of proxies received for eligible positions of Eligible Collateral held in the relevant Account (excluding bankruptcy matters). In relation to all Eligible Collateral, however registered, the voting rights are to be exercised at the direction of the Security Provider prior to a Secured Party Notice becoming effective and, thereafter, at the election of the Secured Party. In this regard, a provider of proxy voting services will be appointed to provide global proxy voting services. Other than providing access to such provider of global proxy services, the Custodian shall have no obligation or liability to the Security Provider in respect of such global proxy voting services or the acts or omissions of the provider of such global proxy voting services,
- (d) forward to the Security Provider and the Secured Party or any of their respective designees information (or summaries of information) that the Custodian receives from Depositories concerning Eligible Collateral (excluding bankruptcy matters),
- (e) forward to the Security Provider and the Secured Party or any of their respective designees an initial notice of bankruptcy cases relating to Eligible Collateral and a notice of any required action related to such bankruptcy cases as may be received by the Custodian. No further action or notification related to the bankruptcy case shall be required, and
- (f) execute and deliver, solely in its custodial capacity, certificates, documents or instruments incidental to the Custodian's performance under this Agreement

2.12 Custodian Actions with Direction. The Custodian shall take the following actions in the administration of the Accounts only pursuant to Authorised Instructions of the Instructing Party

- (a) settle purchases and sales of Eligible Collateral and process other transactions, including free receipts and deliveries, and
- (b) upon receipt of a Collateral Return Request by the Custodian Cut-off Time, deliver Eligible Collateral to the Security Provider
- (c) upon receipt of a Surplus Return Request by the Custodian Cut-off Time,
 - (i) make any transfers of Cash from the Cash Accounts unless in connection with any of the actions referred to in paragraph (a) of this Section 2.12 or paragraph (f) of Section 2.11, and
 - (ii) transfer Distributions in accordance with the Standard Settlement Instructions of the Instructing Party and transfer any Custody Income Proceeds in accordance with any additional Instructions that may be provided by the Instructing Party in accordance with Section 1.4(b)

2.13 Foreign Exchange Transactions. To the extent the Custodian is required to effect any foreign exchange transactions, such service will be in addition to the custody services provided hereunder and subject to such terms as agreed and documented separately between the Custodian and the Instructing Party

SECTION 3 – CORPORATE ACTIONS

3.1 Custodian Notification. The Custodian shall notify the Security Provider and the Secured Party of rights or discretionary actions and of the date or dates by which such rights must be executed or such actions must be taken as promptly as practicable under the circumstances, provided that the Custodian or the BNY Mellon Affiliate nominee company acting on behalf of the Custodian on the terms of this Agreement has actually received notice of such right or discretionary corporate action from the relevant Depository. Absent actual receipt of such notice, the Custodian shall have no liability for failing to so notify the Security Provider or the Secured Party

3.2 Security Provider Notification. Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the Security Provider's ownership of Eligible Collateral, the Instructing Party shall be responsible for making any decisions relating thereto and for directing the Custodian to act. In order for the Custodian to act, it must receive Authorised Instructions of the Instructing Party using the Custodian generated form or clearly marked as instructions for the decision at the Custodian's offices, addressed as the Custodian may from time to time request, by such time as the Custodian shall advise the Instructing Party as may be reasonably necessary to permit the Custodian to act. Absent the Custodian's receipt of such Authorised Instructions by such deadline, the Custodian shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Eligible Collateral

3.3 Partial Redemptions, Payments, Etc. The Custodian shall promptly advise the Security Provider and the Secured Party upon its notification of a partial redemption, partial payment or

other action with respect to Eligible Collateral affecting fewer than all such Eligible Collateral held within the GIC Collateral Custody Account. If the Custodian, or Depository holds any Eligible Collateral affected by one of the events described, the Custodian or Depository may select the Eligible Collateral to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

3.4 Enforcement Notice. At any time prior to the receipt by the Custodian of a Notice of Discharge, the Funding 1 Security Trustee may deliver to the Custodian a notice in, or substantially in, the form attached hereto at Schedule E (an "Enforcement Notice") Upon receipt of an Enforcement Notice, the Custodian shall send an acknowledgement in, or substantially in, the form attached at annex 1 of the Enforcement Notice (the "Enforcement Notice Form of Acknowledgment") The Enforcement Notice shall become effective upon the delivery by the Custodian of the Enforcement Notice Form of Acknowledgment which the Custodian agrees to deliver to Funding 1, the Funding 1 Security Trustee and the Security Provider as soon as reasonably practicable following receipt by the Custodian of the Enforcement Notice.

Should an Enforcement Notice become effective, the Custodian acknowledges that the Funding 1 Security Trustee shall be the Secured Party for the purposes of this Agreement.

Provided that a Secured Party Notice has not yet become effective, the Custodian shall continue to act in accordance with the instructions of the Instructing Party until such time as the Funding 1 Security Trustee delivers a Secured Party Notice. If, prior to an Enforcement Notice becoming effective, a Secured Party Notice has become effective, upon an Enforcement Notice becoming effective, the Custodian shall act only upon Instructions received from the Funding 1 Security Trustee, as Secured Party under the Secured Party Notice, or its Authorised Persons and shall not act upon Instructions received from Funding 1, as an Instructing Party.

The Custodian shall not be bound to, and shall not, enquire as to the validity of any Enforcement Notice received by it from the Funding 1 Security Trustee and the Custodian shall be entitled to rely on such Enforcement Notice without liability to any person for so doing.

3.5 Secured Party Notice.

- (a) As soon as reasonably practicable and in any case no later than 11 00 a.m. on the date that is one Business Day following the occurrence of a Funding 1 Collateralised GIC Enforcement Event (or if the Secured Party is the Funding 1 Security Trustee as soon as reasonably practicable following receipt by the Funding 1 Security Trustee of instructions pursuant to Clause 8 of the Funding 1 Deed of Charge), the Secured Party shall deliver a notice in substantially the form attached hereto at Schedule C (a "Secured Party Notice") to the Custodian and copied to the Security Provider (and where the Secured Party is not the Funding 1 Security Trustee to the Funding 1 Security Trustee). As soon as reasonably practicable and in any case no later than 4 00 p.m. on such date, the Custodian shall send an acknowledgement in, or substantially in, the form attached at annex 1 of the Secured Party Notice to Funding 1, the Funding 1 Security Trustee and the Security Provider (the "Form of Acknowledgment"). Provided the Custodian is not in receipt of a Notice of Discharge delivered prior to the relevant Secured Party Notice, such Secured Party Notice shall become effective upon the delivery by the Custodian of the Form of Acknowledgment which the Custodian agrees to deliver to Funding 1, the Funding 1 Security Trustee and the Security Provider by 4 00 p.m. on the date of receipt of the Secured Party Notice.

- (b) Upon the Secured Party Notice becoming effective the Custodian shall
- (i) act as Custodian solely of the Secured Party in relation to any action to be taken in connection with the Charged Assets, *mutatis mutandis* subject to and in accordance with the provisions of this Agreement, provided that any Authorised Instructions received by the Custodian prior to the Secured Party Notice becoming effective shall remain valid Authorised Instructions and the Custodian shall be permitted to rely upon such Authorised Instructions without liability to any person for so doing,
 - (ii) hold the relevant Charged Assets and all sums, documents and records in respect thereof on behalf of the Secured Party and, thereafter, upon the Secured Party Notice becoming effective, the Custodian shall disregard any Surplus Return Requests, including Standard Settlement Instructions in respect of Distributions, and any Collateral Return Requests,
 - (iii) procure payment or delivery, as the case may be, of all sums, documents and records held by it in respect of the Charged Assets to the Secured Party or as the Secured Party shall direct in such notice, provided that such notice shall be deemed not to apply to any documents or records which the Custodian is obliged by any law or regulation not so to release,
 - (iv) act in respect of any action to be taken in connection with the Property upon the Secured Party's written instructions and shall not act on the instructions of the Security Provider or any agent of the Security Provider, and
 - (v) deliver or transfer to the Secured Party (or to the Secured Party's order) on the Secured Party's written demand, all the Charged Assets held for or to the order of the Security Provider under the terms of this Agreement and all certificates and other instruments evidencing title thereto or necessary or desirable in order for the Secured Party to acquire good and marketable title thereto. The Secured Party shall hold and apply such Charged Assets solely for the purposes of enforcement of the Security in accordance with the terms of the Funding 1 Collateral Security Agreement
- (c) Liquidation Process
- (i) No later than five Business Days following delivery of the Form of Acknowledgement (such period, the "Liquidation Period"), the Custodian shall use reasonable endeavours in accordance with best execution practices to sell and settle the amount of Eligible Collateral specified in the Secured Party Notice (the "Designated Eligible Collateral") and to obtain the highest price obtainable (as determined by the Custodian (or any liquidation agent appointed by it pursuant to sub-paragraph (iii) below) acting reasonably) so that the net realised amount is at least equivalent to the Funding 1 Collateralised GIC Account Shortfall Amount set forth in the Secured Party Notice, provided that prior to the fifth Business Day of the Liquidation Period, the Custodian shall only sell Designated Eligible Collateral if the net proceeds of such sale are equal to or greater than the Funding 1 Collateralised GIC Account Shortfall Amount set forth in the Secured Party Notice and if the Designated Eligible Collateral remains unsold by the end of the

fourth Business Day of the Liquidation Period, on the fifth Business Day of the Liquidation Period, the Custodian shall use reasonable endeavours in accordance with best execution practices to sell and settle the Designated Eligible Collateral for the highest price obtainable as determined by the Custodian (or any liquidation agent appointed by it pursuant to sub-paragraph (iii) below) acting reasonably even if the Designated Eligible Collateral sold is sold for a price that results in net realisation of less than the Funding 1 Collateralised GIC Account Shortfall Amount specified in the Secured Party Notice

- (ii) All proceeds received from any sale of Eligible Collateral pursuant to this sub-clause (c) shall as soon as practicable upon receipt by the Custodian be paid by the Custodian directly into the Funding 1 GIC Account identified in the Secured Party Notice for same day value unless such amounts are received by the Custodian after 2 00pm in London, in which case such payments may be made so that they are received in the Funding 1 GIC Account at or from 10 00am on the immediately following Business Day (and in any case no later than that Business Day)
- (iii) The Custodian may instruct The Bank of New York Mellon or any BNY Mellon Affiliate acting as brokerage firm as liquidation agent and, if necessary to achieve the best execution price, any other reputable broker appointed on market standard terms to act as agent of the Custodian to undertake the actions in sub-clauses (i) and (ii) above and in accordance with the terms of the Secured Party Notice
- (d) The Secured Party agrees that it will act in accordance with the terms of the Funding 1 Collateral Security Agreement. The Custodian shall not be bound to, and shall not, enquire as to the validity of any Secured Party Notice received by it from the Secured Party or as to whether the Secured Party is entitled to demand all or certain of the Charged Assets or as to the type of Charged Assets which have been selected and the Custodian shall be entitled to rely on such Secured Party Notice without liability to any person for so doing

The Secured Party shall not be entitled to deliver a Secured Party Notice at any time after it has delivered a Notice of Discharge pursuant to Section 3.6 (and as defined therein)

Until such time as a Secured Party Notice or a Notice of Discharge becomes effective, as the case may be, the Custodian shall be entitled to rely and act upon any Authorised Instructions from the Instructing Party

In the event that the Custodian receives a Secured Party Notice from Funding 1 (in its capacity as Secured Party) and/or a Notice of Discharge on the same day on which the Custodian receives an Enforcement Notice from the Funding 1 Security Trustee, Funding 1 and the Funding 1 Security Trustee agree that the Custodian shall be under no obligation to provide an acknowledgement in respect of the Secured Party Notice and shall be under no obligation to act in accordance with the Notice of Discharge

In the event that the Custodian receives a Secured Party Notice on the same day on which the Custodian receives a Notice of Discharge, the Security Provider, Funding 1

and the Funding 1 Security Trustee agree that the Custodian shall be under no obligation to act in accordance with the Notice of Discharge

3.6 Notification of Discharge of Secured Obligations. The Secured Party shall promptly notify the Custodian in writing (in or substantially in, the form attached at Schedule F (the “Notice of Discharge”)) that (i) the Secured Obligations have been discharged in full, and (ii) with effect from the Business Day following the date on which the Custodian has received such written notification from the Secured Party, the Custodian shall act in accordance with the instructions given by the Security Provider. Upon receipt of such notification

- (a) the rights and (subject to sub-paragraphs (c) and (d) below) obligations of the Secured Party and (if the Secured Party is not the Funding 1 Security Trustee) the Funding 1 Security Trustee under this Agreement shall come to an end,
- (b) the Custodian shall act only on instructions received from the Security Provider in accordance with the terms of this Agreement with effect from the Business Day following the date on which the Custodian has received such Notice of Discharge,
- (c) in the event that the Custodian does not comply with Section 3.6(b) above from the Business Day following the date on which the Custodian has received such Notice of Discharge from the Secured Party, the Secured Party agrees that it will, at the Security Provider’s request, take such action as the Security Provider may reasonably require such that the Custodian complies with any instructions received from the Security Provider, provided always that the Secured Party shall assume no liability, cost or expense in respect of such action, and
- (d) except in respect of any Losses that arose prior to such time or which arise after such time but relate to events or matters, actions or omissions which occurred or arose prior to such time, Funding 1 will have no further obligations to indemnify or keep the Custodian or any BNY Mellon Affiliate indemnified pursuant to the provisions of Section 7.8 (*Indemnity*)

SECTION 4 – SETTLEMENT OF TRADES

4.1 Payment. Promptly after each purchase or sale of Eligible Collateral by the Security Provider, an Authorised Person of the Instructing Party shall deliver to the Custodian Instructions specifying all information necessary for the Custodian to settle such purchase or sale. For the purpose of settling purchases of Eligible Collateral, the Security Provider shall provide the Custodian with sufficient immediately available funds for all such transactions by such time and date as conditions in the relevant market dictate.

4.2 Contractual Settlement and Income.

- (a) Prior to the delivery of a Secured Party Notice, the Custodian may, as a matter of bookkeeping convenience, credit the Accounts with the proceeds from the sale, redemption or other disposition of Eligible Collateral or payable Distributions prior to its actual receipt of final payment therefor. All such credits shall be conditional until the Custodian’s actual receipt of final payment and may be reversed by the Custodian to the extent that final payment is not received. Payment with respect to a transaction will not be “final” until the Custodian shall have received immediately available funds

that under applicable local law, rule or practice are irreversible and not subject to any security interest, levy or other encumbrance, and that are specifically applicable to such transaction

- (b) Following the delivery of a Secured Party Notice, the Custodian shall follow the procedures set forth in Section 3.5(c) (*Secured Party Notice*) with respect to the sale, redemption or other disposition of Eligible Collateral or payable Distributions

4.3 Trade Settlement. Transactions will be settled using practices customary in the jurisdiction or market where the transaction occurs. The Security Provider and the Secured Party understand that when the Custodian is instructed to deliver Eligible Collateral against payment, delivery of such Eligible Collateral and receipt of payment related to such Eligible Collateral may not be completed simultaneously, and in particular, that when the Custodian receives an Instruction to deliver Eligible Collateral against payment or in exchange for Cash (for example in connection with the settlement of a Eligible Collateral transaction or a redemption, exchange, tender offer or similar corporate action) such payment or exchange of Cash may not occur simultaneously with the delivery of Eligible Collateral and therefore the Custodian may deliver such Eligible Collateral before actually receiving final payment for such delivery of Eligible Collateral. Consequently, as a matter of bookkeeping convenience, the Custodian may credit the Cash Accounts with Cash equal to the amount the Custodian anticipates will be received by it or a Depository prior to actual receipt by the Custodian or Depository of the Cash by way of final payment for such delivery of Eligible Collateral. The Security Provider assumes full responsibility for all risks involved in connection with the Custodian's delivery of Eligible Collateral pursuant to Authorised Instructions in accordance with local market practice

SECTION 5 – CONVERSION AND SECURITY INTERESTS

5.1 Deposits. The Custodian may hold Cash in the Cash Accounts, Distribution Account or, where required under applicable local law, rule or practices, arrange to have Cash directly held by a BNY Mellon Affiliate or with a Depository. Where Cash is on deposit with the Custodian or a BNY Mellon Affiliate, it will be subject to the terms of this Agreement.

Interest will be paid or charged on sterling cash balances in the Cash Account or Distribution Account at the rate agreed between the Security Provider and the Custodian and set out in Schedule G hereto.

5.2 Credits, Advances and Overdrafts.

- (a) The Custodian shall have no obligation whatsoever to extend any credit or to make advance of any cash to the Security Provider to facilitate the settlement of any transaction or transfer of any Property.
- (b) Notwithstanding (a) above, if the Custodian, whether pursuant to Section 4.2 or 4.3, or for facilitating settlement of securities transactions (including, for the avoidance of doubt, purchases) or any other transfers, or otherwise, credits the Cash Accounts or Distribution Account with Cash equal to the amount of any payment which the Custodian anticipates will be received by the Custodian, or a Depository prior to actual receipt by the Custodian of final payment of such amount, such advance credit shall be regarded as an extension of credit which is conditional upon receipt by the Custodian of final payment and may be reversed to the extent that final payment is not received.

by way of final payment by the Custodian. The Security Provider assumes full responsibility for all risks involved in connection with the Custodian's advance credit of Cash, except to the extent any risks or losses arise directly from the Custodian's negligence, wilful misconduct or fraud.

- (c) In the event that the Custodian has extended credit to the Security Provider as described in (b), or if the Security Provider otherwise becomes indebted to the Custodian (including, without limitation, overdrafts incurred in connection with the settlement of securities transactions, funds, transfers or foreign exchange transactions), the Security Provider shall, upon demand or upon becoming aware of the amount of the advance, overdraft or indebtedness, whichever is the earlier, immediately reimburse the Custodian for such amounts in the same currency if legally available plus accrued interest at a rate then charged by the Custodian to its institutional asset servicing customers and the Custodian shall subject to Section 10.17 have a general lien on such Eligible Collateral and a right of setoff against any Cash, until such time as Custodian is reimbursed the amount of such advance (plus accrued interest).
- (d) For the purposes of this Agreement, payment will not be "final" until the Custodian has received immediately available funds which, under applicable local laws, regulations, rules, customs or practices, are not reversible and not subject to any security interest, levy or other encumbrance, and that are specifically applicable to such transaction.

5.3 Other Security Interests. Unless required by law, neither the Custodian nor its nominees shall be bound by or recognise any lien, pledge, security interest or similar entitlement to any Eligible Collateral or Cash held for the Security Provider for the benefit of any person, other than the Security Provider's entitlement under this Agreement, the interest of Depositories referenced at paragraph (c) of Schedule B and the Secured Party's entitlement pursuant to the Funding 1 Collateral Security Agreement and the Funding 1 Security Trustee's entitlement pursuant to the Funding 1 Deed of Charge.

5.4 Drawings. In accordance with Sections 2.3 and 2.4, the Security Provider's Eligible Collateral may be held in a commingled client securities account with securities of other clients of the Custodian (or the Depository) and shall be treated as fungible. The Security Provider hereby further agrees and consents to the Custodian using the Eligible Collateral for the account of another client of the Custodian and vice versa. However, the Custodian may only do so (or permit a Depository to do so) in connection with facilitating timely settlement of Eligible Collateral trades, and the Custodian may not and shall not use the Security Provider's Eligible Collateral for its own account or for account of the Depository and no GIC Collateral Custody Account on the books of the Custodian shall hold Eligible Collateral which are beneficially owned by the Custodian, as the case may be.

SECTION 6 – TAXES, REPORTS, RECORDS AND DISCLOSURES

6.1 Tax Obligations. The Security Provider shall be liable for all taxes, assessments, duties and other governmental charges, including interest and penalties, with respect to any Cash and Eligible Collateral held on behalf of the Security Provider and any transaction related thereto. To the extent that the Custodian has received relevant and necessary information with respect to an Account, the Custodian shall perform the following services with respect to Tax Obligations:

- (a) The Custodian shall, upon receipt of sufficient information, file claims for exemptions or refunds with respect to withheld taxes in instances in which such claims are appropriate,
- (b) The Custodian shall withhold appropriate amounts, as required by applicable tax laws, with respect to amounts received upon receipt of Instructions, and
- (c) The Custodian shall provide to the Security Provider such information received by the Custodian that could, in the Custodian's reasonable belief, assist the Security Provider or its designee in the submission of any reports or returns with respect to Tax Obligations. An Authorised Person shall inform the Custodian in writing as to which Party or Parties shall receive information from the Custodian

The Custodian shall not be responsible for determining whether Tax Obligations exist in respect of the Security Provider and the assets held in the relevant Account

6.2 FATCA. The Custodian shall be entitled to deduct FATCA Withholding Tax, and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding Tax

The Security Provider, and for the purposes of Section 3.5, Funding 1 hereby covenants with the Custodian that it will provide the Custodian with sufficient information so as to enable the Custodian to determine whether any payments to be made by it pursuant to this Agreement are withholdable payments as defined in section 1473(1) of the Code or otherwise defined under FATCA

The Custodian hereby represents and warrants that as of the date of this Agreement it is a FATCA Compliant Person. If at any point during the life of this Agreement the Custodian (or BNY Mellon Affiliate holding any Cash or Eligible Collateral or carrying out any role pursuant to Section 2.9) ceases to be a FATCA Compliant Person, the Custodian undertakes to notify the Security Provider, Funding 1 and the Funding 1 Security Trustee promptly after becoming aware that the Custodian or the relevant BNY Mellon Affiliate is not a FATCA Compliant Person (a "FATCA Notification"). If the Custodian delivers a FATCA Notification, the Security Provider may, with the prior written approval of Funding 1 and the Funding 1 Security Trustee, immediately revoke its appointment of the Custodian provided that such revocation shall not take effect until a successor has been duly appointed in accordance with Section 9.2(c)

6.3 Pricing and Other Data. In providing Market Data related to the Security Provider's relevant Account in connection with this Agreement, the Custodian is authorised to use Data Providers. The Custodian may follow Authorised Instructions in providing pricing or other Market Data, even if such Authorised Instructions direct the Custodian to override its usual procedures and Market Data sources. The Custodian shall be entitled to rely without inquiry on all Market Data (and all Authorised Instructions related to Market Data) provided to it, and the Custodian shall not be liable for any Losses incurred as a result of errors or omissions with respect to any Market Data (including but not limited to the accuracy or completeness of such Market Data) utilised by the Custodian or the Security Provider hereunder. The Security Provider acknowledges that certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may be material. Market Data may be the intellectual property of the Data Providers, which may impose additional terms and

conditions upon the Security Provider's use of the Market Data. The additional terms and conditions can be found within the Data Licensor Terms and the Security Provider agrees to those terms. Certain Data Providers may not permit the Security Provider's directed price to be used for Performance and risk analytic services including, but not limited to certain analytic, accounting, compliance, reconciliation, asset pricing and other services with respect to the Accounts are available provided that the Security Provider enters into the appropriate separate agreement with the relevant BNY Mellon Affiliate. Performance measurement and analytic services (where subscribed to by the Security Provider) may use different data sources than those used by the Custodian to provide Market Data for the relevant Account, with the result that different prices and other Market Data may apply.

6.4 Statements The Custodian shall make available to the Security Provider and Funding 1, and after the Funding 1 Security Trustee becomes the Secured Party, the Funding 1 Security Trustee, by 7:00 a.m. on a daily basis or on such other periodic basis as is agreed from time to time between them but not less than annually statements of all transfers to or from the Accounts and statements of all holdings in the Accounts as of the last Business Day of each month. The Security Provider and the Secured Party may elect to receive certain information electronically through the internet to an email address specified by it for such purpose. By electing to use the Internet for this purpose, the Security Provider and the Secured Party acknowledge that such transmissions are not encrypted and therefore are insecure. The Security Provider and the Secured Party further acknowledge that there are other risks inherent in communicating through the internet such as the possibility of virus contamination and disruptions in service, and agree that the Custodian shall not be responsible for any loss, damage or expense suffered or incurred by the Security Provider, the Secured Party, or any person claiming by or through the Security Provider or the Secured Party as a result of the use of such methods. In addition, each of the Security Provider and the Secured Party shall be entitled, on any Business Day, to request from the Custodian a statement of all holdings in the Accounts as of such Business Day, such statement to be provided by the Custodian to the requesting party (and the Security Provider to the extent that it is not the requesting party) (i) in respect of statements dated, or relating to a date or period occurring less than one year prior to the date of the request, by not later than the second Business Day following the date of the request, and (ii) in respect of statements dated, or relating to a date or period occurring one or more years prior to the date of the request, as soon as reasonably practicable following the date of the request.

6.5 Review of Statements If, within ninety (90) days after the Custodian makes available to the Security Provider and the Secured Party a statement with respect to the Accounts, the Security Provider has not given the Custodian written notice of any exception or objection thereto, the statement shall be deemed to have been approved. In case of an exception or objection being raised, the Custodian shall address with reasonable efforts such exception or objection.

6.6 Inspection of Books and Records Each of the Security Provider and the Secured Party shall have the right, at the Security Provider's expense and with reasonable prior written notice to the Custodian, to inspect the Custodian's books and records directly relating to the Accounts during normal business hours or to designate an accountant to make such inspection.

6.7 Shareholders Communications Act With respect to Eligible Collateral issued in the United States, the Shareholders Communications Act of 1985 (the "Act") requires the Custodian to disclose to the issuers of such Eligible Collateral, upon their request, the name, address and securities position of the Custodian's clients who are "beneficial owners" (as defined in the Act) of the Eligible Collateral issued by such issuers, unless the beneficial owner objects to such

disclosure. The Act defines a “beneficial owner” as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security.

With respect to Eligible Collateral issued in any other jurisdiction, the Custodian shall disclose information required by law, regulation, rules of a stock exchange or organisational documents of an issuer of such Eligible Collateral. The Custodian is also authorised to supply any information regarding the Accounts that is required by any law, regulation or rules now or hereafter in effect. The Security Provider agrees to supply the Custodian with any required information if it is not otherwise reasonably available to the Custodian.

SECTION 7 – PROVISIONS REGARDING CUSTODIAN

7.1 Standard of Care. In performing its duties under this Agreement, the Custodian shall exercise the standard of care and diligence that a professional custodian would observe in these affairs.

7.2 Instructions. Prior to a Secured Party Notice becoming effective pursuant to Section 3.5 (*Secured Party Notice*), the Custodian shall only act upon Instructions received from the Instructing Party or its Authorised Persons pursuant to this Agreement, provided that the Custodian acknowledges that a countersignature will be required on any Instruction to withdraw Eligible Collateral from the GIC Collateral Custody Account pursuant to clause 4.9 of the Cash Management Agreement and clause 4.2 of the Funding 1 Collateral Security Agreement. Subsequent to a Secured Party Notice becoming effective pursuant to Section 3.5 (*Secured Party Notice*), but subject to Section 3.5, the Custodian shall only act upon Instructions received from the Instructing Party or its Authorised Persons pursuant to this Agreement.

7.3 Limitation of Duties and Liability Notwithstanding anything contained elsewhere in this Agreement, the Custodian’s liability hereunder is limited as follows:

- (a) The duties of the Custodian shall only be those specifically undertaken pursuant to this Agreement and shall be subject to such other limits on liability as are set out herein,
- (b) The Custodian shall not be liable for any Losses incurred by or asserted against the Custodian or the Security Provider or Funding 1 or the Funding 1 Security Trustee, except (x) those Losses arising out of the Custodian’s or any BNY Mellon Affiliate’s fraud, negligence or wilful misconduct or (y) those Losses which are incurred by the Security Provider, Funding 1 or the Funding 1 Security Trustee directly as a result of the Custodian or any BNY Mellon Affiliate not complying with its obligations:
 - (i) under Section 2.1 to identify Eligible Collateral in its books and records as being beneficially owned by the Security Provider, provided that the Custodian shall incur no liability for complying with any Authorised Instruction delivered by the Secured Party following a Secured Party Notice becoming effective, even if the Secured Party was not entitled to deliver such Secured Party Notice under the terms of the Funding 1 Collateral Security Agreement,
 - (ii) under Section 2.2 and 2.3 (a) to segregate the Eligible Collateral held for the Security Provider on the Custodian’s books and records from the Custodian’s own property and the property of any BNY Mellon Affiliate and the Custodian’s other clients and any other person, (b) not to commingle Eligible Collateral which

are beneficially owned by the Custodian with Eligible Collateral of the Security Provider, and (c) not to use the Security Provider's Eligible Collateral, subject to the Custodian's right of lien and set-off as set out in this Agreement for its own account,

- (iii) subject to the limitations of Section 1 5, under Section 2 3 to hold Property at the Custodian or Depositories and not through a sub-custodian,
- (iv) under paragraph (b) of Schedule B not to record Eligible Collateral in its books and records as being held in an account outside England unless held in another jurisdiction as may be required by the rules of the relevant Depository

and, in any event and in each case, only to the extent such Losses constitute direct money damages,

- (c) Without prejudice to the Custodian's obligations under Sections 2 1, 2 2 and 2 3 of this Agreement, the Custodian shall not be responsible for the title, validity or genuineness of the Eligible Collateral or evidence of title thereto received by it or delivered by it pursuant to this Agreement or for the Eligible Collateral held hereunder being freely transferable or deliverable without encumbrance in any relevant market,
- (d) Without prejudice to the Custodian's obligations under Sections 2 1, 2 2 and 2 3 of this Agreement, the Custodian shall not be responsible for the failure to receive payment of, or the late payment of, income or other payments due to an Account,
- (e) The Custodian, any BNY Mellon Affiliate and any agent of the Custodian shall not be liable for the liquidation process under Section 3 5(c) including without limitation for any insufficiency therein of bids obtained, the prices obtained as a consequence of following such liquidation process or any shortfalls arising from any delay required by the terms of Section 3 5(c) in liquidating any Eligible Collateral. For the avoidance of doubt, the Custodian, any BNY Mellon Affiliate and any agent of the Custodian shall not be responsible for any failure of any trade under Section 3 5(c)
- (f) The Custodian shall have no duty to take any action to collect any amount payable on the Eligible Collateral or non-Cash Distributions if they are in default or if payment is refused after due demand and presentment,
- (g) The Custodian may where it considers it reasonably necessary or expedient to do so, obtain the advice of counsel and shall be reimbursed for any resulting properly incurred legal fees and expenses and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice,
- (h) The Custodian shall have no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any Account, and shall have no liability with respect to the Instructing Party's or an Authorised Person's decision to invest in securities or to hold cash in any currency,
- (i) The Custodian shall have no liability with respect to any Losses arising from the use by the Instructing Party (or any person authorised or acting on its behalf) of any

method of transmission such as facsimile, email or other electronic method of transmission or communication which are deemed not to be secure, and

- (j) The Custodian shall have no liability with respect to any Losses arising from a delay by the Custodian, or a Depository to act subject to and in accordance with an Instruction when such delay is due to any procedure or process to be performed by the Custodian or a Depository that is required in accordance with local laws and regulations, court or regulatory order,
- (k) The Custodian shall have no liability with respect to any Losses arising from the use of any third party appointed or selected by the Instructing Party or by the Custodian at the express request of the Instructing Party,
- (l) The Custodian shall have no responsibility with respect to any Losses arising from rules or procedures of Depositories or arising from exchange controls, asset freezes or other laws, rules, regulations or orders at any time which prohibit or impose burdens or costs on the transfer to, by or for the account of the Instructing Party of the Eligible Collateral or Cash,
- (m) The Custodian shall have no responsibility for the accuracy of any information provided to the Security Provider or the Secured Party which has been obtained from, or provided to the Custodian by, any entity other than (in respect of information obtained or provided in relation to this Agreement) any BNY Mellon Affiliate or any of such BNY Mellon Affiliate's (or the Custodian's) respective directors, officers or employees,
- (n) The Custodian shall have no liability for any Losses incurred by or asserted against the Instructing Party arising from the insolvency of any Person (other than the Custodian, any BNY Mellon Affiliate, and any of their respective directors, officers or employees), including but not limited to a Depository, broker, bank, and a counterparty to the settlement of a transaction or to a foreign exchange transaction, and
- (o) Promptly upon becoming aware of any loss, or failure to acquire any asset the Custodian shall notify the Security Provider or the Secured Party, as the case may be. The Custodian's liability in connection with this Agreement in respect of any loss, or failure to acquire any asset will be limited to the Market Value of such asset as at the date when notice of that loss or failure is given by the Custodian to the Security Provider or the Secured Party, as the case may be, plus interest on that amount at the Custodian's prevailing deposit rate for that amount from the date the notice is given until the amount is paid to the Security Provider or the Secured Party, as the case may be. The parties agree that, for the purposes of this sub-paragraph (n), the Custodian shall determine the "Market Value" of an asset by obtaining no less than three firm quotations for the purchase of such asset by the Custodian from leading market dealers and taking the lowest quotation received as the Market Value.

7.4 Losses. Under no circumstances shall the Custodian be liable to, or be required to indemnify, the Security Provider, Funding 1, the Funding 1 Security Trustee or any third party for indirect, consequential or special damages or for loss of business opportunity or loss of profit arising in connection with this Agreement and whether or not such liability is foreseeable and even if the Custodian has been advised or was aware of the possibility of such losses

7.5 Gains Where a breach, error or omission has occurred under this Agreement, the Custodian shall take such remedial action as it considers appropriate under the circumstances and, provided that each of the Security Provider and the Secured Party (and without double counting) is put in the same or equivalent position as each such entity would have been in if the error or the omission had not occurred, any favourable or unfavourable consequences of the Custodian's remedial action shall be solely for the account of the Custodian, without any duty to report to the Security Provider or the Secured Party, as the case may be, any loss assumed or benefit received by it as a result of taking such action

7.6 Force Majeure Notwithstanding anything in this Agreement to the contrary, the Custodian shall not be responsible or liable for any delay or failure to perform under this Agreement or for any Losses to an Account resulting, in whole or in part, from or caused by any Depository or any event beyond the reasonable control of the Custodian and any BNY Mellon Affiliates. In no event shall the Custodian be liable for any Losses arising out of the holding of the Property in any particular country, including but not limited to, Losses resulting from nationalisation, expropriation or other governmental actions, strikes, work stoppages, acts of war, terrorism, natural disasters, regulation of the banking or securities industry, exchange or currency controls or restrictions, devaluations or fluctuations, interruptions, loss or malfunction of utilities, communications, computer services (including any software or hardware services), availability of the Property or market conditions which prevent the transfer of Property or the execution of securities transactions or affect the value of Property

7.7 Fees. The Security Provider shall pay to the Custodian such fees and charges as may have been agreed between the Security Provider and the Custodian in respect of the services of the Custodian hereunder in accordance with a separate fee schedule as may be amended by the Custodian from time to time upon ninety (90) calendar days' (or such shorter period as the parties may agree) prior written notice (including for the avoidance of doubt fees and charges payable by the Custodian to any liquidation agent appointed pursuant to the provisions of Section 3.5 of this Agreement save to the extent already agreed to be paid by the Security Provider to the Custodian in accordance with a separate fee schedule in respect of the services provided by the liquidation agent), and such other fees and charges at the Custodian's standard rates for such services as may be applicable. Subject to Section 10.17 (*Security*), the Custodian shall have a right of lien and set-off in respect of any such fees and charges. The Security Provider shall also reimburse the Custodian against production of invoices to the Security provider for out-of-pocket expenses properly incurred by the Custodian in performing its duties under this Agreement (including, without limiting the generality of the foregoing, all brokerage fees and properly incurred costs and transfer taxes incurred in connection with the purchase, sale or disposition of Property, and all income taxes other than ordinary corporation taxes and other taxes of any kind whatsoever which may be levied or assessed under existing or future laws upon or in relation to the Property, all other similar expenses related to the administration of the Accounts and all properly incurred legal fees and properly incurred costs) that are a normal incident of the services provided hereunder (including for the avoidance of doubt out of pocket expenses of any liquidation agent appointed pursuant to the provisions of Section 3.5 of this Agreement save to the extent already agreed to be paid by the Security Provider to the Custodian in accordance with a separate fee schedule in respect of the services provided by the liquidation agent)

Following a Secured Party Notice becoming effective, the fees and reimbursement for costs and expenses shall be paid by Funding 1 but only to the extent of amounts due to be paid by the Security Provider and unpaid when requested *mutatis mutandis* in accordance with this Section

7.7 on each Note Payment Date and shall be paid in accordance with the Funding 1 Priority of Payments subject always to clause 10.16.2 (*Limited Recourse*) below

7.8 Indemnity The Security Provider and Funding 1 shall jointly and severally indemnify, and keep indemnified, and hold harmless the Custodian and any BNY Mellon Affiliates on an after tax basis from and against all Losses which the Custodian and any BNY Mellon Affiliates may incur, including, but not limited to, penalties, taxes, judgments and awards, properly incurred legal fees and expenses, relating to or arising out of the performance of the Custodian's or any BNY Mellon Affiliates' obligations under this Agreement (including where appointed as liquidation agent pursuant to the Section 3.5 of this Agreement), except to the extent resulting from the Custodian's or BNY Mellon Affiliates' negligence, wilful misconduct or fraud or to the extent that such Losses are incurred directly as a result of the Custodian or any BNY Mellon Affiliate not complying with its obligations under this Agreement

- (a) under Section 2.1 to identify Eligible Collateral in its books and records as being beneficially owned by the Security Provider, provided that the Custodian shall be entitled to be indemnified by the Security Provider and Funding 1 on a joint and several basis in respect of the Custodian's complying with any Authorised Instruction delivered by the Secured Party following a Secured Party Notice becoming effective, even if the Secured Party was not entitled to deliver such Secured Party Notice under the terms of the Funding 1 Collateral Security Agreement, or
- (b) under Section 2.2 and Section 2.3 (a) to segregate the Eligible Collateral held for the Security Provider on the Custodian's books and records from the Custodian's own property and the property of any BNY Mellon Affiliate and the Custodian's other clients and any other person, (b) not to commingle Eligible Collateral which are beneficially owned by the Custodian with Eligible Collateral of the Security Provider, and (c) not to use the Eligible Collateral or, subject to the Custodian's rights of lien and set-off as set out in this Agreement, for its own account,
- (c) under Section 2.3 to hold Property at the Custodian or Depositories and not through a sub-custodian, or
- (d) under paragraph (b) of Schedule B not to record Eligible Collateral as being held in an account outside England unless held in another jurisdiction as may be required by the rules of the relevant Depository

Any disclosure by the Security Provider or Funding 1 to the Custodian that the Security Provider or Funding 1 has entered into this Agreement as an agent or representative of another person shall not relieve the Security Provider or Funding 1 of any of its obligations under this Agreement. This provision shall survive the termination of this Agreement or the Custodian no longer being the custodian hereunder

The Security Provider undertakes to indemnify Funding 1 for any amounts Funding 1 is required to pay under this Section 7.7 or this Section 7.8

SECTION 8 - REPRESENTATIONS AND WARRANTIES

8.1 Representations of the Custodian The Custodian represents and warrants that

- (a) it is a corporation duly organised and validly existing under the laws of the State of New York, and
- (b) it has all necessary power, authorities and consents to enter into this Agreement upon the terms and conditions hereof, to perform the services which are to be performed by it under this Agreement and that the individual executing the Agreement on its behalf has the requisite authority to bind it to this Agreement, and that this Agreement constitutes its binding obligations enforceable in accordance with its terms

8.2 Representations of the Security Provider and Funding 1. Each of the Security Provider and Funding 1 represents, warrants and undertakes that

- (a) it is a company duly incorporated and registered under the laws of its jurisdiction of incorporation,
- (b) the Agreement has been duly authorised, executed and delivered on its behalf and constitutes the legal, valid and binding obligations of the Security Provider or Funding 1, as the case may be, and the execution, delivery and performance of this Agreement by the Security Provider or Funding 1, as the case may be, does not and will not violate or conflict with any law or regulation applicable to it, its constitutional documents, or any document binding upon it or any of its respective assets and does not require the consent of any governmental or regulatory body except for such consents and approvals as have been obtained and which are, and shall remain, in full force and effect,
- (c) it has all necessary power, authority and consent to enter into this Agreement and, in the case of the Security Provider, to appoint the Custodian as custodian under this Agreement,
- (d) in relation to data disclosed to the Custodian in connection with this Agreement, or any previous custody arrangements, each of the Security Provider and Funding 1 has complied with, and shall continue to comply with the provisions of all relevant data protection laws and regulations and shall not do anything, or permit anything to be done which might lead to a breach of such laws or regulations by the Custodian as a result of it performing its obligations under this Agreement, and
- (e) it is fully authorised and empowered and has the capacity to engage in the transactions contemplated by this Agreement

8.3 Representations of the Security Provider only The Security Provider further represents, warrants and undertakes that

- (a) Save for the security interests created pursuant to the Funding 1 Collateral Security Agreement and the Funding 1 Deed of Charge and save as expressly provided or permitted in this Agreement and subject to any relevant Equitable and Insolvency Reservations, to the best of its knowledge and belief, having made due and careful enquiries, no part of the Charged Assets or any rights in relation to it is and shall not be during the term of this Agreement subject to any Security Interest (other than a lien routinely imposed as securities held in a clearing system or by a depositary)

- (b) the Property to be held pursuant to this Agreement is its own beneficial property and not property which it holds for others on whose behalf the Security Provider is acting. In particular, but without limitation, the Property is not held on behalf of the Security Provider's own customers in accordance with the client asset rules of the Regulatory Authority, and
- (c) it is entering into this Agreement as principal and not as an agent and that the Security Provider shall be primarily liable to the Custodian as principal for satisfaction of all obligations and liabilities of the Security Provider's obligations and liabilities arising or incurred under this Agreement

SECTION 9 - AMENDMENT; TERMINATION; ASSIGNMENT

9.1 Amendment This Agreement may be amended only by written agreement between the Security Provider, Funding 1, the Funding 1 Security Trustee and the Custodian

9.2 Termination.

- (a) The Custodian may resign its appointment hereunder upon not less than 90 days' notice to the Security Provider, Funding 1 and the Funding 1 Security Trustee, provided that such resignation shall not take effect until a successor has been duly appointed in accordance with Section 9 2(c)
- (b) Without prejudice to the Security Provider's rights pursuant to Section 6 2 (FATCA) and 9 3 (Successors and Assigns), the Security Provider may, with the prior written approval of the Secured Party, revoke its appointment of the Custodian by not less than 90 days' notice to the Custodian, provided that such revocation shall not take effect until a successor has been duly appointed in accordance with Section 9 2(c)
- (c) The Security Provider shall, with the prior written approval of the Secured Party, revoke its appointment of the Custodian by not less than 30 calendar days' notice to the Custodian if
 - (i) the Custodian's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below BBB from Standard & Poor's, or
 - (ii) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Custodian fall below F-2 by Fitch or the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the Custodian fall below BBB+ by Fitch,

(or such other ratings as may be agreed with the relevant rating agency) provided that such revocation shall not take effect until a successor has been duly appointed in accordance with Section 9 2(c)
- (d) The Security Provider may, with the prior written approval of the Secured Party, appoint a successor custodian, (whose long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least BBB from Standard & Poor's and whose short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F-2 or its long-term, unsecured, unsubordinated and unguaranteed debt

obligations are rated at least BBB+, in each case by Fitch) whereupon the Security Provider, Funding 1, the Funding 1 Security Trustee and the successor custodian shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of this Agreement. The Custodian will be entitled to appoint a successor custodian if the Security Provider fails to do so within 60 days of notice of resignation pursuant to Section 9 2(a) or revocation pursuant to Section 9 2(b).

- (e) Upon any resignation or revocation taking effect under Section 9 2(a) or Section 9 2(b) the Custodian shall without prejudice to any rights and obligations accrued hereunder prior to such resignation or revocation taking effect be released and discharged from its obligations under this Agreement.
- (f) The provisions of Sections 7 3 (Limitation of Duties and Liability), 7 7 (Fees), 7 8 (Indemnity), 9 3 (Successors and Assigns), 10 11 (Confidentiality), and, without prejudice to the foregoing, any other indemnity and limitation of liability provisions set out in this Agreement shall survive its termination.
- (g) Upon termination of this Agreement and payment of all amounts due and owing to the Custodian, the Custodian shall deliver the Property and all records relating to the Property pursuant to the Security Provider's Instructions. The Security Provider shall be responsible and liable for any shipping and insurance costs associated with such delivery.

9 3 Successors and Assigns. Subject to the provisions of Section 9 4, no Party may assign, novate, transfer or charge any of its rights or obligations under this Agreement without the written consent of the other Parties provided that,

- (a) the Funding 1 Security Trustee may, upon prior notice to the Security Provider, Funding 1 and the Custodian, resign in favour of a successor trustee appointed in accordance with the provisions of the Funding 1 Deed of Charge,
- (b) Funding 1 may assign its rights under this Agreement by way of security to the Funding 1 Security Trustee, and
- (c) the Custodian may assign or novate its rights and/or obligations under this Agreement to any BNY Mellon Affiliate with the Requisite Rating.

If an assignment or novation occurs (or is expected to occur) in accordance with sub-paragraph (b) above, the Custodian shall promptly upon such assignment or novation becoming effective (or, if reasonably practicable, prior to such assignment or novation becoming effective) notify the Security Provider in writing of such assignment or novation (such notice an "Assignment Notice"). If the Custodian delivers an Assignment Notice, the Security Provider may, with the prior written approval of Funding 1 and the Funding 1 Security Trustee, during and until the end of the period of 90 days commencing on the date of the Assignment Notice, revoke its appointment of the Custodian by not less than 5 Business Days' notice to the Custodian provided that (unless otherwise agreed by Funding 1 and the Funding 1 Security Trustee) such revocation shall not take effect until a successor has been duly appointed in accordance with Section 9 2(c).

Any entity, that shall by merger, consolidation, purchase or otherwise, succeed to substantially all the institutional custody business of the Custodian shall, upon such succession and without any appointment or other action by the Security Provider, be and become successor custodian hereunder. The Custodian agrees to provide notice of such successor custodian to the Security Provider, Funding 1 and the Funding 1 Security Trustee. This Agreement shall be binding upon, and inure to the benefit of, the Security Provider, Funding 1, the Funding 1 Security Trustee and the Custodian and their respective successors and permitted assigns.

9.4 Acknowledgement of Security. The Custodian hereby acknowledges that pursuant to the Funding 1 Collateral Security Agreement the Security Provider has (i) granted in favour of Funding 1 a first fixed charge over all Posted Collateral and all Related Rights in relation to Posted Collateral, (ii) granted in favour of Funding 1 a first fixed charge over any amounts standing to the credit of the Cash Accounts and the Distribution Account and (iii) assigned to Funding 1 all the Security Provider's rights, title and interest in and under this Agreement (including, without limitation, its rights to require the Custodian to deliver securities to the Funding 1 Collateralised GIC Account Bank or to its order and its rights in and to the GIC Collateral Custody Account). The Custodian hereby further acknowledges that pursuant to the Funding 1 Deed of Charge, Funding 1 has created security over its rights under the Funding 1 Collateral Security Agreement and this Agreement in favour of the Funding 1 Security Trustee.

9.5 Acknowledgement of Cash Manager as Agent for Funding 1. The Custodian hereby acknowledges that, pursuant to clause 2 of the Cash Management Agreement, Funding 1 appointed the Cash Manager as its lawful agent to provide certain services set out in the Cash Management Agreement including providing Instructions and receiving and executing and countersigning notices on behalf of Funding 1 under this Agreement save that unless Funding 1 instructs otherwise any Collateral Return Request must be executed by Funding 1.

9.6 Further assurance. (a) If the Custodian considers (acting reasonably) that it would be unable itself, or through the appointment of a BNY Mellon Affiliate as a liquidation agent or through the appointment of any third party broker, to undertake the obligations in Clause 3.5(c) of this Agreement at a future point in time, it shall as soon as practicable (and in any case no later than 30 Business Days prior to any inability to undertake the obligations in Clause 3.5(c) unless the Custodian and any BNY Mellon Affiliate, as a result of any change in law or regulation or regulatory direction of which it has less than 30 Business Days' Notice, will no longer be able to undertake the obligations in Clause 3.5(c) of this Agreement) notify each of the other parties hereto.

(b) Without prejudice to the rights and obligations of the parties hereto, each of the parties hereto agrees to discuss and consider

(i) any solutions or alternatives that would ensure the objectives of Clause 3.5(c) are capable of being fulfilled at the relevant times and

(ii) whether it is appropriate to make any amendments to the terms of this Agreement (in the case of the Funding 1 Security Trustee acting pursuant to the Funding 1 Deed of Charge) to effect any changes required as a result of such discussions and agreement.

(c) No arrangements or amendments shall be made pursuant to paragraph (b)(ii) above to this Agreement if to do so would have a negative impact on the then current ratings of the Notes.

SECTION 10 - ADDITIONAL PROVISIONS

10.1 Appropriate Action. The Custodian is hereby authorised and empowered, in its sole discretion, to take any action with respect to an Account that it deems necessary or appropriate in carrying out the purposes of this Agreement

10.2 Main Establishment of Custodian The Security Provider hereby acknowledges and agrees that the Custodian's main establishment is located at its principal office in New York

10.3 Governing Law This Agreement and all matters arising from or related to it (whether contractual or non-contractual in nature) shall be governed by and construed in accordance with English law. The English courts shall have exclusive jurisdiction over any actions or proceedings arising directly or indirectly from this Agreement, and the Security Provider hereby submits to the exclusive jurisdiction of such courts. The Parties agree, each for the benefit of the other, that the English courts are the most appropriate and convenient courts to deal with any such actions or proceedings and, accordingly, they shall not argue to the contrary

10.4 Sovereign Immunity. To the extent that in any jurisdiction the Security Provider may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Security Provider irrevocably agrees not to claim, and it hereby waives, such immunity

10.5 Notices Notices shall be in writing and shall be addressed to the Custodian or the Security Provider or Funding 1 or the Funding 1 Security Trustee at the address set forth on the signature page or such other address as each Party may designate in writing to the other. All notices shall be effective upon receipt

10.6 [RESERVED]

10.7 Entire Agreement. This Agreement and any related fee agreement constitute the entire agreement with respect to the matters dealt with herein, and supersede all previous agreements, whether oral or written, and documents with respect to such matters

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

10.9 Signature Certificate. Each of the Security Provider and Funding 1 agrees to provide to the Custodian, on the date of this Agreement, a certificate (in substantially the form attached hereto as Schedule A) of a duly authorised officer of the Security Provider and Funding 1 respectively and the Funding 1 Security Trustee agrees to provide such a certificate to the Custodian prior to or at the same time as delivering an Enforcement Notice, in each case, setting out the names and signatures of the persons authorised to sign this Agreement, and any documents to be delivered by such authorised persons pursuant thereto

10.10 Execution in Counterparts This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts when taken together shall constitute but one and the same instrument and may be sufficiently evidenced by one set of counterparts

10.11 Confidentiality Subject to Section 6.6 and paragraph (g) of Schedule B, the Parties will at all times respect the confidentiality of this Agreement and any arrangements or agreements made or entered into in connection with this Agreement and will not disclose to any other person (other than to its auditors or legal advisers) any information acquired as a result of or pursuant to this Agreement unless required to do so by law (including the laws governing the issuers of, or governing, the Eligible Collateral), a regulatory authority, revenue authority, governmental body or an order of a court or regulatory authority or as otherwise agreed. For the avoidance of doubt, nothing in this Section 10.11 shall prevent the Security Provider, Funding 1 or the Funding 1 Security Trustee from disclosing the existence of this Agreement to the Noteholders or providing Noteholders with details of or information in respect of the Eligible Collateral held in the GIC Collateral Custody Account or the cash balance of the Cash Accounts.

10.12 Complaints Any complaints relating to the performance of the Custodian's obligations under this Agreement should be addressed to the Chief Executive Officer.

10.13 Client Relationships The Bank of New York Mellon Corporation has adopted an incentive compensation scheme designed (i) to facilitate clients gaining access to and being provided with explanations about the full range of products and services offered by BNY Mellon Affiliates and (ii) to expand and develop client relationships. This programme may lead to the payment of referral fees and/or bonuses to employees of BNY Mellon Affiliates who may have been involved in a referral that resulted in the obtaining of products or services by the Security Provider covered by this Agreement or which may be ancillary or supplemental to such products or services. Any such referral fees or bonuses are funded solely out of fees and commissions paid by the Security Provider under this Agreement or with respect to such ancillary or supplemental products.

10.14 Waiver, Invalidity The waiver of or failure or delay by any Party in exercising any right or remedy hereunder shall not preclude or inhibit the subsequent exercise of such right or remedy. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy. The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and if any provision is held to be unenforceable as a matter of law, the other provisions shall remain in full force and effect. The rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by law.

10.15 Amendment to Transaction Documents Funding 1 agrees that it will not agree to, concur with or make any amendments to the Funding 1 Priority of Payments (as defined in the Terms and Conditions of the Notes), the Funding 1 Deed of Charge, the Cash Management Agreement or any other amendments, in each case which would adversely affect the Custodian's position as a Secured Creditor without seeking the prior written consent of the Custodian.

10.16 Restriction on Enforcement of Security, Non-petition and Limited Recourse

10.16.1 No proceedings against the Secured Party Without prejudice to the rights of the Custodian to take any action or make any claim against the Security Provider or to make a claim in respect of the Accounts prior to a Secured Party Notice or an Enforcement Notice becoming effective in accordance with this Agreement, the Custodian agrees with and acknowledges that only the Funding 1 Security Trustee (pursuant to the Funding 1 Deed of Charge) may pursue the remedies available under the general law or under the Funding 1 Deed of Charge to enforce the

security thereunder and the Custodian shall not be entitled to proceed directly against Funding 1 to enforce the such security

The Custodian agrees with and acknowledges to each of Funding 1 and the Funding 1 Security Trustee, that

- (a) only the Funding 1 Security Trustee (pursuant to the Funding 1 Deed of Charge) is entitled to enforce the security thereunder or to take proceedings against Funding 1 to enforce such security,
- (b) the Custodian shall not, nor shall any person acting on behalf of the Custodian have any right to take any proceedings against Funding 1 to enforce the security under the Funding1 Deed of Charge or, save in accordance with the terms of the Transaction Documents, to direct the Funding 1 Security Trustee to do so,
- (c) the Custodian shall not have the right to take or join any person in taking any steps against the Funding 1 for the purpose of obtaining payment of any amount due from Funding 1 to the Custodian,
- (d) the Custodian shall not, nor shall any person acting on behalf of the Custodian initiate or join any person in initiating any Insolvency Proceedings in relation to Funding 1, and
- (e) the Custodian shall not be entitled to take any steps or proceedings which would result in the Funding 1 Priority of Payments not being observed

None of Section 10.16.1 above shall affect the ability of the Custodian to take any action, step or institute proceedings against the Security Provider or the Accounts in respect of any claims it may have in respect of this Agreement

10.16.2 Limited Recourse. Each of the Custodian and the Security Provider agree that notwithstanding any other provision of any Transaction Document, all obligations of Funding 1 to it are limited in recourse as set out below

- (a) it will have a right of claim only in respect of the Secured Property and will not have any claim, by operation of law or otherwise, against, or recourse to any of Funding 1's other assets or its contributed capital,
- (b) sums payable to it in respect of Funding 1's obligations to it shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to it and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Funding 1 Security Trustee in respect of the Secured Property whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by Funding 1 in accordance with the Funding 1 Priority of Payments and the terms of the Funding 1 Deed of Charge in priority to or pari passu with sums payable to it
- (c) following final distribution of net proceeds of enforcement of the Security the Funding 1 Security Trustee certifies (or an Agent on its behalf certifies), in its sole discretion, that Funding 1 has insufficient funds to pay in full all of Funding 1's obligations to the Custodian, then the Custodian shall have no further claim against Funding 1 in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full

10.17 Security Provided always that any rights of the Custodian under this Section 10.17 shall be subject to and rank after the Security granted by the Security Provider to Funding 1, after the Security granted by the Security Provider to Funding 1 has been released and the Secured Obligations have been discharged in full, the Custodian will have the following rights in respect of the Eligible Collateral and money held by the Custodian for the Security Provider

- (a) **Set-off** In addition to any rights which the Custodian may have under applicable law or pursuant to other agreements, the Custodian shall have the right to, and may, without notice to the Security Provider, combine, consolidate or merge all or any of the Cash Accounts maintained by the Custodian for the Security Provider with, and liabilities to, the Custodian arising under this Agreement and may set-off from or transfer any cash in any currency held for the Security Provider or standing to the credit of any such Cash Accounts in or towards the satisfaction of any liability of the Security Provider to the Custodian whether arising from or as a result of any services under this Agreement, and may do so notwithstanding that cash held for the Security Provider or the balances of such Cash Accounts may be held or deposited at different branches of the Custodian and may not be expressed in the same currency as the currency of the Security Provider's liability to the Custodian and the Custodian may effect any necessary conversions at the Custodian's own rate of exchange then prevailing
- (b) **Lien** In addition to any general lien or other rights to which the Custodian may be entitled under any applicable laws, the Custodian shall have a first lien on all Eligible Collateral and shall have a right to withhold redelivery to, or to the order of, the Security Provider of the Eligible Collateral under the control of the Custodian, Depository or agent appointed by the Custodian, including without limitation, a general right of retention on all Eligible Collateral recorded in the GIC Collateral Custody Account to the extent only of the amount of such obligations for which the Security Provider is from time to time liable to the Custodian under or in connection with this Agreement, and the Custodian may be entitled to sell, transfer or assign or otherwise realise the value of any such Eligible Collateral and to apply the proceeds in satisfaction of such obligations

10.18 Funding 1 Security Trustee The Funding 1 Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under the Transaction Documents and the Security Documents and shall not assume any liabilities or obligations under this Agreement unless such obligation or liability is expressly assumed by the Funding 1 Security Trustee in this Agreement. The Funding 1 Security Trustee will exercise its powers and authority under this Agreement in the manner provided for in the Note Trust Deed and the Funding 1 Deed of Charge and, in so acting, the Funding 1 Security Trustee shall have the protections, immunities, rights, powers, authorisations, indemnities and benefits conferred on it under and by the Note Trust Deed, the Funding 1 Deed of Charge and the other Transaction Documents

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above

Authorised Signatory of:

LLOYDS BANK PLC

Authorised Signatory of

**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**

**SIGNED for and on behalf of
THE BANK OF NEW YORK MELLON**

By: _____

By: _____

Name _____

Name: _____

Title: _____

Title: _____

Date: _____

Date. _____

Address for Notice:

Lloyds Bank plc
10 Gresham Street
London EC2V 7AE

Address for Notice

The Bank of New York Mellon
One Canada Square
London E14 5AL

Fax no +44 (0) 207 439 8940

Fax no +44 (0) 207 964 2533

Attention The Directors

Attention Corporate Trust
Administration – Arkle
Master Issuer Plc

Authorised Signatory of:

ARKLE FUNDING (NO 1) LIMITED

By: _____

Name: _____

Title: _____

Date: _____

Address for Notice:

2nd Floor, Pollen House
10 Cork Street
London, W1S 3NP

Fax no +44 (0) 207 439 8940

Attention arkle@sannegroup.com

Authorised Signatory of:

**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**

Authorised Signatory of:

**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**

By _____

Name: _____

Title: _____

Date: _____

Address for Notice

One Canada Square
London E14 5AL

Fax no +44 (0) 207 964 2533

Attention Corporate Trust Administration –
Arkle Master Issuer Plc

SCHEDULE A

[On headed paper of Security Provider/Funding I/Funding I Security Trustee as applicable]

SIGNATURE CERTIFICATE

I hereby certify to The Bank of New York Mellon, London Branch that I am the _____ of _____ (the "Company"), _____, and that, as such, I am duly authorised to execute this Certificate on behalf of the Company, and further certify that each of the following persons, as of the date hereof, is a duly elected, qualified and acting officer of the Company, holding the office of the Company set opposite his name below and that the signature of each such person appearing opposite such person's name below is such person's own true signature

<u>Name</u>	<u>Office</u>	<u>Signature</u>
	Director	
	[Secretary]	

Signed this _____, 20____

Capacity

SCHEDULE B

REGULATORY PROVISIONS

Capitalised terms not otherwise defined herein shall have the meanings given in Section 1.1 of this Custody Agreement

- (a) The Security Provider (or, pursuant to Section 3.5, the Secured Party) as the Custodian's custody client (the "Client") is classified as a professional client for the purposes of the application of the Rules. Under the Rules a greater degree of protection is provided to retail clients than to professional clients, and eligible counterparties receive the least protection. Professional clients have the right to request categorisation as a retail client. However, it is not the Custodian's policy in respect of this type of business to accept retail clients, and the Custodian is unlikely to be able to provide these services to the Client if the Client is categorised as a retail client. The Custodian is not required to evaluate the suitability of the services or instruments it may offer to the Client and hence, the Client shall in that respect not be protected by the applicable rules of conduct.
- (b) The Custodian, the Security Provider and the Secured Party agree that the Eligible Collateral shall be recorded in its books and records as being held in an account in England and if not in England in accordance with the rules of the applicable Depository, where required by the rules of such Depository. Accounts that contain Eligible Collateral belonging to the Client may be subject to the law of jurisdictions other than European Economic Area ("EEA") jurisdictions, and accordingly the Client's rights in relation to those Eligible Collateral may be different from those that would apply were English law or another EEA law to be applicable.
- (c) The Client acknowledges and agrees that Depositories may have a lien, pledge or other security interest (statutory or otherwise) over, or right of setoff or retention and sale in respect of, Eligible Collateral credited to the GIC Collateral Custody Account or Cash credited to the Cash Accounts in relation to claims for payment of obligations owed to them (including administration and safe custody charges) as provided in the applicable Depository agreement.
- (d) Information identifying the compensation scheme(s) applicable to the services provided by the Custodian to the Client, including the amount and scope of the cover offered by the compensation scheme, is available from the Custodian upon request. The Custodian will provide to the Client upon request information concerning the conditions governing compensation and the formalities which must be completed to obtain compensation.

The Custodian is covered by the FSCS. The FSCS can pay compensation to "eligible" depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme. In respect of deposits, an eligible depositor can claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the

combined amount in all the eligible depositor's accounts with a bank, including their share of any joint account, and not to each separate account

The Security Provider may also be entitled to compensation from the FSCS in respect of its Eligible Collateral if the Custodian cannot meet its obligations. This depends on the type of business and circumstances of the claim. Most types of investment business are covered for 100% of the first £50,000.

For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website www.FSCS.org.uk or call the FSCS on 0800 678 1100 or 020 7741 4100. Please note only compensation related queries should be directed to the FSCS.

- (e) The Custodian, or any of its affiliated companies or associates, may provide services which are ancillary to the Custodian's functions of custodian and banker, or carry out other business and activities (including but not limited to acting as agent for, placing or negotiating orders to buy or sell securities for, buying or selling securities for, providing banking, investment advisory, investment management and other services to, or generally engaging in any kind of business with, others (including without limitation issuers of securities, money market instruments or other property purchased for and on behalf of the Client)) to the same extent as if the Custodian was not a custodian under this Agreement. Nothing in this Agreement shall be deemed to restrict the right of the Custodian or its affiliated companies or associates to perform such services for any other person or entity, and the performance of such services for others will not be deemed to violate or give rise to any duty or obligation to the Client not specifically undertaken by the Custodian under this Agreement. The Custodian or the relevant affiliated company or associate, as appropriate, may receive and retain any fee, commissions, spreads or other compensation in relation to any service, business or activity described in this paragraph or similar service, business or activity. The Custodian undertakes to disclose to the Client upon request further details of any such fee, commission or non-monetary benefit paid or provided by to a third party or by a third party to the Custodian in relation to the custody services.
- (f) The Custodian will not lend any of the Eligible Collateral which the Custodian holds for the Client or otherwise use such Eligible Collateral for its own account or for the account of other clients of the Custodian, other than, in the latter case, in the circumstances permitted in Section 5.4.
- (g) In the course of administering the Property and providing services under this Agreement, the Custodian may, and is authorised to, disclose information concerning the Client, the Accounts, the Property or this Agreement to its offices, BNY Mellon Affiliates, associates and other providers of services (including, without limitation, lawyers and accountants for the Custodian) worldwide, and may disclose to third parties that it is providing to the Client the services contemplated by this Agreement. The Custodian shall not be held responsible for information held by such persons or of which the Custodian is not aware by virtue of restricted access or "Chinese Wall" arrangements.

If the Custodian becomes aware of confidential information which prevents it from effecting a particular transaction under this Agreement, then the Custodian may refrain from effecting that transaction

The Client acknowledges that the Custodian may be obliged to provide information concerning the Client, the Accounts, the Property or this Agreement to market or regulatory authorities, courts and government agencies, including but not limited to the Regulatory Authorities and the London and other stock exchanges (and their successors), and to law enforcement authorities. The Client hereby authorises the Custodian to disclose the information to such market, regulatory, court and government agencies, or law enforcement authorities, or otherwise as required by applicable laws, rules, regulations or court or administrative order in jurisdictions where the Custodian and BNY Mellon Affiliates do business, and in particular to disclose the identity of the Client or, if the Client is acting on behalf of others, the identity of such others (to the extent known by the Custodian)

The information referred to in the above paragraphs of this paragraph (1) may include personal data that the Custodian obtains in connection with this Agreement. Personal data obtained by the Custodian may be used to provide services contemplated by this Agreement, to administer the Custodian's relationship with the Client, to protect the Client, the Custodian or third parties against fraud or other improper conduct, and to comply with laws, rules, regulations, court or administrative orders applicable to the Client or to the Custodian, BNY Mellon Affiliates and associates. Such personal data may be exported to jurisdictions outside of the European Economic Area ("EEA"), including the United States of America, and to other jurisdictions that have not been deemed to offer adequate protection. Data subjects have the right to access, and to rectify, personal data about them maintained by the Custodian. Requests for such access or rectification should be submitted to the Client, and the Client shall forward them to the Custodian. The Client shall reimburse the Custodian's reasonable costs and expenses incurred in connection with giving access to personal data to any data subject.

SCHEDULE C

FORM OF NOTICE FROM SECURED PARTY PURSUANT TO SECTION 3.5

[On headed paper of Funding 1/Funding 1 Security Trustee as applicable]

To

The Bank of New York Mellon, London Branch (the "Custodian")
One Canada Square
London E14 5AL
ite@bnymellon.com

Copy

Lloyds Bank plc (the "Security Provider")
10 Gresham Street
London EC2V 7AE

[The Bank of New York Mellon (the "Funding 1 Security Trustee")
One Canada Square
London E14 5AL]

[Date]

Custody Agreement by and between Lloyds Bank plc (as Security Provider), Arkle Funding (No.1) Limited (as Funding 1), The Bank of New York Mellon (as Funding 1 Security Trustee) and The Bank of New York Mellon, London Branch (as Custodian) dated 11 December 2014 (the "Custody Agreement")

This notice is given by us in our capacity as the Secured Party pursuant to Section 3.5 of the Custody Agreement. Capitalised terms not otherwise defined herein shall have the meanings given thereto in the Custody Agreement.

[For your ease of reference we enclose the Enforcement Notice which became effective as of [●]]¹

Further to the occurrence of a Funding 1 Collateralised GIC Enforcement Event on [●] under the Funding 1 Collateral Security Agreement

- (a) We hereby require you, with effect from the date of this letter, to
- (i) act as Custodian of the Secured Party in relation to any action to be taken in connection with the Charged Assets, *mutatis mutandis* subject to and in accordance with the provisions of the Custody Agreement, provided that any Authorised Instructions received by the Custodian prior to the Secured Party Notice becoming effective shall remain valid Authorised Instructions and the Custodian shall be permitted to rely upon such Authorised Instructions without liability to any person for so doing,

¹ To be included if Funding 1 Security Trustee is delivering Secured Party Notice

- (ii) hold the relevant Charged Assets and all sums, documents and records in respect thereof on behalf of the Secured Party, provided that any Distributions paid or distributed on or prior to the date on which the Secured Party Notice becomes effective shall be paid and/or transferred to or to the order of the Security Provider in accordance with Standard Settlement Instruction and thereafter upon the Secured Party Notice becoming effective, the Custodian shall disregard any Surplus Return Requests, including Standard Settlement Instructions in respect of Distributions, and any Collateral Return Requests,
 - (iii) procure payment or delivery, as the case may be, of all sums, documents and records held by it in respect of the Charged Assets to the Secured Party or as the Secured Party shall direct in such notice, provided that such notice shall be deemed not to apply to any documents or records which the Custodian is obliged by any law or regulation not so to release,
 - (iv) act in respect of any action to be taken in connection with the Property upon the Secured Party's written instructions and shall not act on the instructions of the Security Provider or any agent of the Security Provider, and
 - (v) deliver or transfer to the Secured Party (or to the Secured Party's order) on the Secured Party's written demand, all the Charged Assets held for or to the order of the Security Provider under the terms of the Custody Agreement and all certificates and other instruments evidencing title thereto or necessary or desirable in order for the Secured Party to acquire good and marketable title thereto. The Secured Party shall hold and apply such Charged Assets solely for the purposes of enforcement of the Security in accordance with the terms of the Funding 1 Collateral Security Agreement
- (b) We hereby instruct you to sell the Eligible Collateral in accordance with the below procedure
- (i) subject to sub clauses (b)(ii) and b(iii) below, no later than five Business Days from the date of this letter (such period, the "Liquidation Period") (assuming that in accordance with Section 3 5(a) of the Custody Agreement, you will send an acknowledgement in, or substantially in, the form attached at Annex 1 of Schedule C to the Custody Agreement to us (as the Secured Party) and the Security Provider by 4 00pm on the date on which you have received this letter), you shall use reasonable endeavours in accordance with best execution practices to sell and settle the amount of Designated Eligible Collateral specified in sub-clause (d)(i) below and to obtain the highest price obtainable as determined by you (or any liquidation agent appointed by you (pursuant to Section 3 5(c)(iii) of the Custody Agreement) to act in accordance with the terms of this Notice) acting reasonably so that the net realised amount is at least equivalent to the Funding 1 Collateralised GIC Account Shortfall Amount specified in sub-clause (d)(ii) below),
 - (ii) prior to the fifth Business Day of the Liquidation Period, you shall only sell and settle Designated Eligible Collateral if the net proceeds of such sale are equal to or greater than the Funding 1 Collateralised GIC Account Shortfall Amount specified in sub-clause (d)(ii) below, and

- (iii) if the Designated Eligible Collateral remains unsold by the end of the fourth Business Day of the Liquidation Period, on the fifth Business Day of the Liquidation Period, you shall use reasonable endeavours in accordance with best execution practices to sell and settle the Designated Eligible Collateral for the highest price obtainable as determined by you (or any liquidation agent appointed by you pursuant to the Custody Agreement) even if the Designated Eligible Collateral sold is sold for a price that results in net realisation of less than the Funding 1 Collateralised GIC Account Shortfall Amount specified in sub-clause (d)(ii) below
- (c) All proceeds received from any sale of Eligible Collateral pursuant to clause (b) above shall as soon as practicable upon receipt by you be paid by you directly into the Funding 1 GIC Account identified in sub-clause (d)(iii) below for same day value unless such amounts are received by you after 2 00pm in London, in which case such payments may be made so that they are received in the Funding 1 GIC Account at or from 10 00am on the immediately following Business Day (and in any case no later than that Business Day)
- (d) For the purposes of the above
 - (i) Amount of Designated Eligible Collateral [●]
 - (ii) Funding 1 Collateralised GIC Account Shortfall Amount [●]
 - (iii) Funding 1 GIC Account details [●]

Yours faithfully

[ARKLE FUNDING (NO. 1) LIMITED][THE BANK OF NEW YORK MELLON]

ANNEX 1

FORM OF ACKNOWLEDGEMENT

To: Lloyds Bank plc (the "Security Provider"), and
Arkle Funding (No 1) Limited ("Funding 1")
The Bank of New York Mellon (the "Funding 1 Security Trustee")

From: The Bank of New York Mellon, London Branch (the "Custodian")
ite@bnymellon.com

Date: [●]

We acknowledge receipt of a notice dated the date hereof (the "Notice") from the Secured Party made pursuant to Section 3.5 (*Secured Party Notice*) of the Custody Agreement entered into between the Security Provider, Funding 1, the Funding 1 Security Trustee and the Custodian. Terms defined in the Notice shall have the same meaning where used herein.

We confirm that we accept the authorisations and instructions contained in the Notice and we undertake to act in accordance and comply with the terms of the Notice. The Secured Party Notice becomes effective upon delivery of this Form of Acknowledgement.

This acknowledgement and any non-contractual obligations arising out of or in connection with this acknowledgement are governed by and shall be construed in accordance with English law.

Date


For and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

SCHEDULE D

Part 1

Details of GIC Collateral Custody Account

LLOYDSARKLEGICCOLLATCUSTODYACC  255

Part 2

Details of Cash Accounts

LLOYDSARKLECASHACC  005

Part 3

Details of Distribution Accounts

LLOYDSARKLEDISTRIBACC  256

SCHEDULE E

FORM OF ENFORCEMENT NOTICE

[On headed paper of the Funding 1 Security Trustee]

To

The Bank of New York Mellon, London Branch (the "Custodian")
One Canada Square
London E14 5AL
ite@bnymellon.com

Copy

Lloyds Bank plc (the "Security Provider" and the "Cash Manager")
10 Gresham Street
London EC2V 7AE

[Date]

Custody Agreement by and between Lloyds Bank plc (as Security Provider), Arkle Funding (No. 1) Limited (as Funding 1), The Bank of New York Mellon (as Funding 1 Security Trustee) and The Bank of New York Mellon, London Branch (as Custodian) dated 11 December 2014 (the "Custody Agreement").

This notice is given by us in our capacity as Funding 1 Security Trustee pursuant to Section 3.4 (*Enforcement Notice*) of the Custody Agreement. Capitalised terms not otherwise defined herein shall have the meanings given thereto in the Custody Agreement.

Further to the enforcement of the security pursuant to Clause 8 (*Enforcement by the Funding 1 Security Trustee*) of the Funding 1 Deed of Charge, we hereby inform you that we will act as Secured Party under the Custody Agreement.

[Please note that a Secured Party Notice became effective on [●]. Upon this Enforcement Notice becoming effective, in accordance with the provisions of the Custody Agreement, we, the Funding 1 Security Trustee, shall be regarded as the Secured Party under the Secured Party Notice and the Custodian shall act only upon Instructions received from the Funding 1 Security Trustee or its Authorised Persons and shall not act upon Instructions received from Funding 1 following this Enforcement Notice becoming effective. For your ease of reference we enclose the Secured Party Notice which became effective as of [●]]²

[For the avoidance of doubt we hereby acknowledge and agree that you are entitled to, and shall, continue to act in accordance with the Instructions of the Instructing Party pursuant to the Custody Agreement until such time as a Secured Party Notice which is delivered by ourselves as Funding 1 Security Trustee becomes effective]³

² To be included if a Secured Party Notice has previously become effective

³ To be included if a Secured Party Notice has not previously become effective

ANNEX 1

FORM OF ENFORCEMENT NOTICE ACKNOWLEDGEMENT

To Lloyds Bank plc (the "Security Provider"), and
 Arkle Funding (No 1) Limited ("Funding 1")
 The Bank of New York Mellon (the "Funding 1 Security Trustee")

From The Bank of New York Mellon, London Branch (the "Custodian")
 ite@bnymellon.com

We acknowledge receipt of a notice dated [●] (the "Notice") from the Secured Party made pursuant to Section 3.4 (*Enforcement Notice*) of the Custody Agreement entered into between the Security Provider, Funding 1, the Funding 1 Security Trustee and the Custodian. Terms defined in the Notice shall have the same meaning where used herein.

We confirm that we acknowledge the information contained in the Notice and we undertake to act in accordance with the information contained therein. The Enforcement Notice becomes effective upon delivery of this Enforcement Notice Form of Acknowledgement.

[From the date on which the Notice becomes effective, we shall act only upon Instructions received from the Funding 1 Security Trustee or its Authorised Persons and shall not act upon Instructions received from Funding 1 following this Enforcement Notice becoming effective.]⁴

[We acknowledge that we shall continue to act in accordance with the Instructions of the Instructing Party until such time as the Funding 1 Security Trustee delivers a Secured Party Notice and such Secured Party Notice becomes effective.]⁵

This acknowledgement and any non-contractual obligations arising out of or in connection with this acknowledgement are governed by and shall be construed in accordance with English law.

Date

For and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

⁴ To be included if a Secured Party Notice has previously become effective.

⁵ To be included if a Secured Party Notice has not previously become effective.

SCHEDULE F

FORM OF NOTICE OF DISCHARGE FROM SECURED PARTY

[On headed paper of Funding 1/Funding 1 Security Trustee as applicable]

To

The Bank of New York Mellon, London Branch (the "Custodian")
One Canada Square
London E14 5AL
ite@bnymellon.com

Copy

Lloyds Bank plc (the "Security Provider")
Arkle Funding (No. 1) Limited ("Funding 1")
The Bank of New York Mellon (the "Funding 1 Security Trustee")

[Date]

Custody Agreement by and between Lloyds Bank plc (as Security Provider), Arkle Funding (No. 1) Limited (as Funding 1), The Bank of New York Mellon (as Funding 1 Security Trustee) and The Bank of New York Mellon, London Branch (as Custodian) dated 11 December 2014 (the "Custody Agreement").

This notice is given by us in our capacity as Secured Party pursuant to Section 3.6 (*Notification of Discharge of Secured Obligations*) of the Custody Agreement. Capitalised terms not otherwise defined herein shall have the meanings given thereto in the Custody Agreement.

We hereby inform you that the Secured Obligations were discharged in full on [●]. With effect from the Business Day following the date on which you receive this notice, you shall act only in accordance with notices received from and Instructions given by the Security Provider.

Yours faithfully

[ARKLE FUNDING (NO. 1) LIMITED][BANK OF NEW YORK MELLON]

SCHEDULE G

INTEREST RATE ON STERLING CASH BALANCES

The parties agree that the interest rate on sterling cash balances shall be the Bank of England Base Rate less 0.45 per cent

EXECUTION VERSION

**AMENDED AND RESTATED MASTER DEFINITIONS AND
CONSTRUCTION SCHEDULE**

DATED 11 DECEMBER 2014

ARKLE FUNDING (NO. 1) LIMITED

and

ARKLE MASTER ISSUER PLC

and

ARKLE FINANCE TRUSTEE LIMITED

and

THE BANK OF NEW YORK MELLON

and

SANNE GROUP (UK) LIMITED

and

LLOYDS BANK PLC

ALLEN & OVERY

Allen & Overy LLP

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THIS AMENDED AND RESTATED MASTER DEFINITIONS AND CONSTRUCTION SCHEDULE is dated 11 December 2014

BETWEEN

- (1) **ARKLE FUNDING (NO. 1) LIMITED** (registered number 5941595), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (referred to herein as **Funding 1**),
- (2) **ARKLE MASTER ISSUER PLC** (registered number 5941709), a public limited company incorporated in England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (referred to herein as **the Issuer**),
- (3) **ARKLE FINANCE TRUSTEE LIMITED** (registered number 94604) a private limited company incorporated under the laws of Jersey, Channel Islands, whose registered office is at 13 Castle Street, St Helier, Jersey JE4 5UT, Channel Islands (acting in its capacity as **Mortgages Trustee**),
- (4) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at One Canada Square, London E14 5AL (acting in its capacity as **Funding 1 Security Trustee**),
- (5) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at One Canada Square, London E14 5AL (acting in its capacity as **Issuer Security Trustee**),
- (6) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at 40th Floor, One Canada Square, London E14 5AL (acting in its capacity as **Agent Bank**),
- (7) **LLOYDS BANK PLC** (registered number 00002065), a public limited company incorporated under the laws of England and Wales (**Lloyds**), and
- (8) **SANNE GROUP (UK) LIMITED** (registered number 05918184), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (acting in its several capacities as the **Funding 1 Corporate Services Provider** the **PECOH Corporate Services Provider**, the **PECOH Holder Corporate Services Provider**, the **Holdings Corporate Services Provider** and the **Issuer Corporate Services Provider**)

WHEREAS

- (A) The parties hereto entered into the master definitions and construction schedule dated 6 November 2006 (as amended and restated on 14 December 2006, 31 May 2007, 1 October 2007, 10 June 2008, 30 April 2010, 12 October 2010 and 11 July 2011 (the **Principal Agreement**)) and have each agreed to amend and restate the terms of the Principal Agreement as set out herein and on such amended terms

IT IS AGREED as follows

1. INTERPRETATION

1.1 Definition

In any agreement, instrument or deed expressly and specifically incorporating by reference this Agreement (the **Master Definitions and Construction Schedule**), the undersigned hereby agree that the following words and expressions shall, unless otherwise defined therein or unless the context otherwise requires, have the following meanings

Terms defined in Part 1 of Schedule 1 (Common Definitions, Construction and Interpretation) have the same meaning when used in each Transaction Document, unless otherwise expressly defined in such Transaction Document

1.2 Construction

- (a) The principles of interpretation or construction contained in Part 2 of Schedule 1 (Interpretation and Construction) apply to each Transaction Document as though set out in full in each Transaction Document
- (b) The parties hereto agree (and the Note Trustee has been directed pursuant to an Extraordinary Resolution to direct the Issuer Security Trustee who in turn has been directed to direct the Funding 1 Security Trustee to agree) to amend and restate the terms of the Principal Agreement (as the same may be amended and restated, varied, novated, replaced or supplemented from time to time) as set out herein. This Agreement amends and restates the Principal Agreement

2. ACCESSION

New Parties

- (a) If after the date of this Agreement, an entity which is not Party to this Agreement (**New Party**) enters into an agreement, deed or other document which is classified as a Funding Transaction Document by the Funding 1 Security Trustee, Funding 1 shall procure (before that new Transaction Document becomes effective) that such New Party becomes a Party to this Agreement by delivering to the Funding 1 Security Trustee an Accession Agreement (in the form set out in Schedule 3 (Accession Agreement)), duly executed by that entity
- (b) Upon execution and delivery of an Accession Agreement, the New Party will become a Party to this Agreement
- (c) An existing Party to this Agreement is not responsible to a New Party for
 - (i) the execution, genuineness, validity, enforceability or sufficiency of any Transaction Document or any other document,
 - (ii) collectability of amounts payable under any Transaction Document, or
 - (iii) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document
- (d) Each New Party confirms to the existing Parties that it

- (i) has made its own independent investigation and assessment of the financial condition and affairs of Funding 1 and its related entities in connection with its participation in this Agreement, and
- (ii) will continue to make its own independent appraisal of the creditworthiness of Funding 1 and its related entities while this Agreement is in force

3. RELEASE

If any Party to this Agreement ceases to be a party to any Transaction Document (other than this Agreement), or ceases to be a Funding 1 Secured Creditor, that Party must give written notice to the Funding 1 Security Trustee of that event as soon as reasonably practicable following such occurrence. Upon delivery of such notice to the Funding 1 Security Trustee, the relevant Party will be deemed to have seceded as a party from this Agreement.

4. AMENDMENTS

Subject to clause 12 of the Funding 1 Deed of Charge (Modification, Authorisation, Waiver and Consent) any amendments to this Master Definitions and Construction Schedule will be made only with the prior written consent of each party to this Master Definitions and Construction Schedule, the Seller, the Servicer, the Cash Manager, the Funding 1 Swap Provider, the Z Loan Provider, the Start-Up Loan Provider and the Funding 1 Account Bank.

5. COUNTERPARTS

This Master Definitions and Construction Schedule may be signed in any number of counterparts each of which, when signed, shall constitute one and the same instrument.

6. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Master Definitions and Construction Schedule has no rights under the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce any term hereof, but this does not affect any right or remedy of a third party which exists or is available apart from that Act, provided that each of the Seller, the Servicer, the Cash Manager, the Funding 1 Swap Provider, the Z Loan Provider, the Start-Up Loan Provider and the Funding 1 Account Bank shall be entitled to enforce the rights expressed to be granted to it pursuant to Clause 4 hereof notwithstanding the fact that it is not a party to this Master Definitions and Construction Schedule.

7. GOVERNING LAW

This Master Definitions and Construction Schedule and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England and Wales (provided that any terms of this Master Definitions and Construction Schedule which are particular to Scots law shall be construed in accordance with the laws of Scotland).

Each party to this Master Definitions and Construction Schedule hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts (including any dispute relating to any non-contractual obligations arising out of or in connection with this Master Definitions and Construction Schedule). Each party to this Master Definitions and Construction Schedule 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. The Mortgages Trustee confirms that it has irrevocably appointed Sanne Group (UK) Limited at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP as its agent for the service of process.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

SCHEDULE 1

COMMON DEFINITIONS, CONSTRUCTION AND INTERPRETATION

PART 1

1. COMMON DEFINITIONS

1925 Act means the Law of Property Act 1925 of England and Wales,

2010 Deed of Novation means the deed of novation and assignment entered into on the Effective Date between, among others, Cheltenham & Gloucester plc (in its capacities as the Original Servicer, the Original Cash Manager and the Original Issuer Cash Manager), Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) (in its capacities as the New Servicer, the New Cash Manager and the New Issuer Cash Manager), Funding 1, the Issuer, the Mortgages Trustee, the Funding 1 Corporate Services Provider, the Holdings Corporate Services Provider, the Jersey Share Trustee and the Arranger,

2010-1 Closing Date means 10 May 2010,

2010-1 Funding 1 Yield Reserve Notes means any Series and Class of Notes with respect to the Issuer issued on the 2010-1 Closing Date which are specified in the 2010-1 Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

2010-1 Funding 1 Yield Reserve Term Advances means the Term Advances made on the 2010-1 Closing Date corresponding to a Series and Class of 2010-1 Funding 1 Yield Reserve Notes,

2010-2 Closing Date means 21 October 2010,

2010-2 Funding 1 Yield Reserve Notes means any Series and Class of Notes with respect to the Issuer issued on the 2010-2 Closing Date which are specified in the Final Terms of the 2010-2 Yield Reserve Notes as having the benefit of the Funding 1 Yield Reserve Fund,

2010-2 Funding 1 Yield Reserve Term Advances means the Term Advances made on the 2010-2 Closing Date corresponding to a Series and Class of 2010-2 Funding 1 Yield Reserve Notes,

AAA Principal Deficiency Sub-Ledger has the same meaning as Term A Principal Deficiency Sub-Ledger,

AA Principal Deficiency Sub-Ledger has the same meaning as Term B Principal Deficiency Sub-Ledger,

A Principal Deficiency Sub-Ledger has the same meaning as Term M Principal Deficiency Sub-Ledger,

Accrued Interest means, in respect of a Mortgage Account on a given date (the **relevant date**), the interest which has accrued but which is not yet due and payable from and including the last regular Monthly Payment Date to but excluding the relevant date,

Additional Funding 1 Account means a sterling account opened pursuant to Clause 4.1 of the Funding 1 Bank Account Agreement in the name of Funding 1 and to be held with the Funding 1 Account Bank in accordance with the Funding 1 Bank Account Agreement,

Additional Reserve Fund means an additional reserve fund that Funding 1 may establish in the future in respect of one, some or all of the Funding 1 Issuers,

Adjusted General Reserve Fund Level means the sum of

- (a) the amount standing to the credit of the General Reserve Fund, and
- (b) the amount (if any) then to be credited in accordance with item (b) of the relevant Funding 1 Pre-Enforcement Principal Priority of Payments,

Administrator has the meaning given to it in schedule 1 (Form of Security Power of Attorney), Funding 1 Deed of Charge,

Agent Account Bank has the meaning given to that term in clause 4.4 of the Funding 1 Bank Account Agreement,

Agent Bank means The Bank of New York Mellon acting in its capacity as agent bank pursuant to the terms of the Paying Agent and Agent Bank Agreement and any other person or persons from time to time acting as agent bank under the Paying Agent and Agent Bank Agreement,

Annualised CPR means the result of the calculations $1 - ((1 - M)^{12})$

where "M" is expressed as a percentage and determined as at the most recent Trust Calculation Date as indicated in the definition of Funding 1 Anticipated Cash Accumulation Period,

approved purpose means, in England and Wales, an approved purpose in relation to the right-to-buy scheme governed by the Housing Act 1985 (as amended by the Housing Act 2004) or, in Scotland, either of the purposes detailed in Sections 72(5)(a)(i) and (ii) of the Housing (Scotland) Act 1987,

Arranger means Lloyds Bank plc,

Arrears of Interest means, in respect of a Loan on a given date, interest and expenses which are due and payable and remain unpaid on that date,

Arrears or Step-Up Trigger Amount means (a) if an Arrears or Step-Up Trigger Event has occurred under item (i) only of the Arrears or Step-Up Trigger Event definition, the amount specified in relation to such event in the most recent Final Terms, (b) if an Arrears or Step-Up Trigger Event has occurred under item (ii) only of the Arrears or Step-Up Trigger Event definition, the amount specified in relation to such event in the most recent Final Terms, (c) if an Arrears or Step-Up Trigger Event has occurred under both items (i) and (ii) of the Arrears or Step-Up Trigger Event definition, the amount specified in relation to such event in the most recent Final Terms,

Arrears or Step-Up Trigger Event occurs when (i) the aggregate current balance of the Loans in the Mortgages Trust in arrears for more than 90 days divided by the aggregate current balance of all the Loans in the Mortgages Trust (expressed as a percentage) exceeds the amount specified in the most recent Final Terms, (ii) the aggregate of amounts in arrears in respect of the Loans, as a percentage of the gross interest due on all Loans in the Mortgages Trust during the immediately preceding 12 months, is the percentage specified in the most recent Final Terms or in excess thereof or (iii) if the Issuer fails to exercise its option to

redeem any of its Notes on the relevant Step-up Date pursuant to the Terms and Conditions of such Notes,

Arrears Repurchase Notice has the meaning given in Clause 8.14 of the Mortgage Sale Agreement,

Asset Trigger Event means the event that occurs when an amount is debited to the AAA Principal Deficiency Sub-Ledger of Funding 1,

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 7 to the Mortgage Sale Agreement,

Attorney has the meaning given to it in schedule 5 (Power of Attorney in favour of Funding 1, the Mortgages Trustee and the Funding 1 Security Trustee) to the Mortgage Sale Agreement,

Auditors means PriceWaterhouseCoopers LLP of The Quay, 30 Channel Way, Ocean Village, Southampton SO14 3QG or such other internationally independent firm of auditors selected from time to time by (in the case of the Mortgages Trustee) the Mortgages Trustee and the Funding 1 Security Trustee or (in the case of Funding 1) Funding 1 and the Funding 1 Security Trustee,

Authorised Entity means (a) any entity the short term, unsecured, unsubordinated and unguaranteed debt of which is rated at least A-1 by S&P, P-1 by Moody's and F1 by Fitch or (b) any other entity approved in writing by the Funding 1 Security Trustee and the Rating Agencies, in each case being an institution authorised to carry on banking business (including accepting deposits) under the Financial Services and Markets Act 2000,

Authorised Investments means

- (a) money market funds that meet the European Securities and Markets Authority (ESMA) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, and indicated within the prospectus that they are defined as such (provided, for the avoidance of doubt, that any such fund must hold an AAAM money market fund rating from S&P and an Aaa-mf money market fund rating from Moody's), or money market funds that hold AAAM and Aaa-mf money market fund ratings from S&P and Moody's, respectively, and, if rated by Fitch, an AAAMmf money market fund rating from Fitch provided that in either case, any such fund does not itself invest in securitised products,
- (b) Sterling gilt-edged securities, and
- (c) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in the case of paragraphs (a), (b) and (c) above, such investments have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date for the Notes (in relation to any Issuer Bank Account), Funding 1 Payment Date (in relation to any Funding 1 Bank Account) or Distribution Date (in relation to any Mortgages Trustee Bank Account) and provided further that with respect to securities and deposit investments specified under items (b) and (c) above

- (i) with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term and long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 and A (or if no short-term rating, A+ long-term) (respectively) by S&P, (B) "Issuer Default Ratings" of at least F1 short-term or A long-term by Fitch, and (C) a short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 or A2 by Moody's, and
- (ii) with respect to investments with a maturity date of greater than or equal to 30 days but less than 60 days, the issuing or guaranteeing entity or the entity with which the demand or (in relation to Issuer Bank Accounts and Mortgages Trustee Bank Accounts only) time deposits are made (being an authorised person under the FSMA) has (A) short-term and long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 and A (or if no short-term rating, A+ long-term) (respectively) by S&P, (B) "Issuer Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (C) short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 or A2 by Moody's, and
- (iii) with respect to investments with a maturity date of greater than or equal to 60 days but less than three months, the issuing or guaranteeing entity or the entity with which the demand or (in relation to Issuer Bank Accounts and Mortgages Trustee Bank Accounts only) time deposits are made (being an authorised person under the FSMA) has (A) short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1+ or AA- (respectively) by S&P, (B) "Issuer Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (C) short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 or A2 by Moody's, or
- (iv) in each case, which are otherwise acceptable to the Rating Agencies to maintain the then current ratings of the Notes,

Authorised Signatory means in respect of any document or agreement to be signed by any person in any capacity under the Transaction Documents, the person authorised by the board of directors of that person to sign that document or agreement,

Average Fixed Rate Loan Balance has the meaning given in the Funding 1 Swap Agreement,

Average Tracker Rate Loan Balance has the meaning given in the Funding 1 Swap Agreement,

Average Variable Rate Loan Balance has the meaning given in the Funding 1 Swap Agreement,

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

Bank of England Base Rate means the Bank of England's official dealing rate (the bank 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 Mortgage 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,

Base Prospectus shall mean the prospectus dated 29 April 2010 relating to the Notes of the Issuer,

BBB Principal Deficiency Sub-Ledger has the same meaning as Term C Principal Deficiency Sub-Ledger,

BB Principal Deficiency Sub-Ledger or **BB Principal Deficiency Ledger** has the same meaning as Term D Principal Deficiency Sub-Ledger,

Beneficiaries means each of the Funding Companies and the Seller, as beneficiaries of the Mortgages Trust and **Beneficiary** means any one of them,

Block Buildings Insurance means the block buildings insurance cover provided to Lloyds Bank plc by Aviva Insurance Limited,

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

BOT Framework Agreement means the framework agreement between ICICI Onesource Limited and Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) dated 31 March 2004 (as may be amended, supplemented or renewed from time to time),

Bullet Accumulation Liability means, on any Funding 1 Payment Date prior to any payment under item (h) of the Funding 1 Pre-Enforcement Principal Priority of Payments, the aggregate of each Relevant Accumulation Amount at that time of each Bullet Term Advance made to Funding 1 which is within a Cash Accumulation Period,

Bullet Accumulation Shortfall means at any time the amount by which the Cash Accumulation Ledger Amount is less than the Bullet Accumulation Liability,

Bullet Term Advance means a Term Advance that is scheduled to be repaid in full on one Funding 1 Payment Date,

Business Day means a day that is a London Business Day, a New York Business Day and a TARGET2 Business Day,

CCA means the Consumer Credit Act 1974 (as amended from time to time),

CCA Mortgages means any Loans and their Related Security in the Initial Portfolio or any New Portfolio (and each Product Switch and Further Advance made in respect thereof) which is regulated by the CCA and documented on the following forms

- (a) Mortgage Loan Agreement - 02-06
- (b) Mortgage Loan Agreement - 07-01
- (c) Mortgage Loan Agreement - 09-01
- (d) Mortgage Loan Agreement - Solicitors Copy 07-01
- (e) Mortgage Loan Agreement - Solicitors Copy
- (f) Mortgage Loan Agreement 4-00

- (g) Mortgage Loan Agreement 12-96
- (h) Special Reserve - 2000 (advance copy and agreement)
- (i) Consumer Credit Agreement (FLC 1999)
- (j) Mortgage Loan Agreement (FLC 1999)
- (k) Consumer Credit Agreement 07-01 (incl solicitors copy)
- (l) Consumer Credit Agreement 05-01
- (m) Consumer Credit Agreement 40-00
- (n) Consumer Credit Agreement 10-95

C&G Services Agreement means the services agreement between ICICI Onesource Limited and Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) dated 27 August 2004 (as may be amended, supplemented or renewed from time to time) supplementing the BOT Framework Agreement,

Calendar Year means a year from the beginning of 1 January to the end of 31 December,

Capitalised Arrears means, in relation to a Loan at any date (the **determination date**), the amount (if any) at such date of any interest in Arrears in respect of which, at the determination date, such interest has been capitalised and included, in the accounts of the Seller (or, if the determination date occurs after the Funding 1 Initial Closing Date, the Mortgages Trustee) in the principal amount outstanding in respect of such Loan,

Cash Accumulation Advance means a Bullet Term Advance and/or a Scheduled Amortisation Instalment which is within a Cash Accumulation Period,

Cash Accumulation Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Cash Accumulation Ledger Amount means, at any time, the amount standing to the credit of the Cash Accumulation Ledger at that time (immediately prior to any drawing to be applied on that Funding 1 Payment Date and prior to any payment under item (h) of the Funding 1 Pre-Enforcement Principal Priority of Payments),

Cash Accumulation Liability means, on any Funding 1 Payment Date, prior to any payment under item (h) of the Funding 1 Pre-Enforcement Principal Priority of Payments, the sum of

- (a) the Bullet Accumulation Liability at that time, and
- (b) the aggregate of each Relevant Accumulation Amount at that time of each Scheduled Amortisation Instalment made to Funding 1 which is within a Cash Accumulation Period,

Cash Accumulation Period means the Funding 1 Cash Accumulation Period and/or each Further Funding Company Cash Accumulation Period,

Cash Accounts has the meaning given to such term in the Eligible Custody Agreement,

Cash Accumulation Requirement means, on a Trust Calculation Date in relation to a Funding Company

- (a) the principal amount remaining to be repaid in relation to each Relevant Accumulation Amount due to that Funding Company,
- (b) plus, on a Trust Calculation Date falling immediately prior to a Funding Company Payment Date, amounts due and payable by that Funding Company on the following Funding Company Payment Date (or which will become due and payable in the current Funding Company Interest Period) in priority to principal amounts due by that Funding Company on the Relevant Accumulation Amount under the pre-enforcement priority(s) of payments relevant to that funding company (e g in relation to Funding 1, see items (a) and (b) of the Funding 1 Pre-Enforcement Principal Priority of Payments),
- (c) plus, on a Trust Calculation Date falling immediately prior to a Funding Company Payment Date, the amount of principal required to meet the Funding 1 Revenue Deficit Amount (if any) in respect of Funding 1 or, as applicable, the revenue deficit amount (if any) in respect of that Further Funding Company,
- (d) less the amount standing to the credit of the Cash Accumulation Ledger of the relevant Funding Company at the last Funding Company Payment Date (which amount was not distributed on that Funding Company Payment Date and which is available to reduce the relevant Cash Accumulation Requirement),
- (e) less the sum of each relevant Cash Accumulation Requirement amount paid to the relevant Funding Company on a previous Distribution Date during the relevant Funding Company Interest Period,

Cash Accumulation Shortfall means, at any time, that the Cash Accumulation Ledger Amount is less than the Cash Accumulation Liability,

Cash Management Agreement means the cash management agreement entered into on the Funding 1 Initial Closing Date between the Seller, the Cash Manager, the Beneficiaries, the Mortgages Trustee, Funding 1 and the Funding 1 Security Trustee as amended, restated, supplemented, replaced or novated from time to time,

Cash Management Services means the cash management services set out in the Cash Management Agreement,

Cash Manager means Lloyds Bank acting in its capacity as Cash Manager pursuant to the terms of the Cash Management Agreement and any other person or persons from time to time acting as Cash Manager under the Cash Management Agreement,

Cash Manager Termination Event has the meaning given in clause 13.1 of the Cash Management Agreement,

CCA Mortgages Trust has the meaning given to such term in clause 2.3 of the Mortgage Sale Agreement,

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,

Cheltenham & Gloucester or Cheltenham & Gloucester plc or C&G means Cheltenham & Gloucester plc a public liability company incorporated under the laws of England and Wales with registered number 2299428, and any successor to the business thereof,

Class A Available Subordinated Amount is calculated, on any date, as

- (a) the sum of (i) the aggregate of the Principal Amount Outstanding of the Class B Notes of all Series, the Class M Notes of all Series, the Class C Notes of all Series and the Class D Notes of all Series (after giving effect to repayments of principal to be made on the Notes on such date), (ii) the aggregate of the principal amount outstanding under the Z Loans, (iii) the aggregate amount of the General Reserve Fund on such date and (iv) Stressed Excess Spread,

less

- (b) the amounts standing to the credit of the Principal Ledger available on such date for the payment of principal on Term AA Advances, Term A Advances, Term BBB Advances and Term BB Advances (after giving effect to any payments of principal to be made on the Term Advances on such date),

Class A Notes with respect to the Issuer, has the meaning given to that term in the Issuer Master Definitions Schedule,

Class A Required Subordinated Amount is calculated, on any date, as the product of

$A \times B$

where

A = the Class A Required Subordinated Percentage, and

B = the Principal Amount Outstanding of all Notes on such date (after giving effect to any payments of principal to be made on the Notes on such date) less the amounts standing to the credit of the Cash Accumulation Ledger and the Principal Ledger available on such date for the repayment of principal on the Term Advances (after giving effect to any repayments of principal to be made on the Term Advances on such date),

Class A Required Subordinated Percentage means the percentage specified as such in the most recent Final Terms for Class A Notes of any Series,

Class A Term Advances means the term advances made by the Issuer to Funding 1 pursuant to the Intercompany Loan Agreement, each being funded from proceeds received by the Issuer from the issue of a Series and Class A Notes,

Class A Funding 1 Yield Reserve Notes means any Series and Class of Class A Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Class B Available Subordinated Amount is calculated, on any date, as

- (a) the sum of (i) the aggregate of the Principal Amount Outstanding of the Class M Notes of all Series, the Class C Notes of all Series and the Class D Notes of all Series (after giving effect to repayments of principal to be made on the Notes on such date), (ii) the aggregate of the principal amount outstanding under the Z Loans, (iii) the aggregate amount of the General Reserve Fund on such date, and (iv) Stressed Excess Spread, less
- (b) the amounts standing to the credit of the Principal Ledger available on such date for the payment of principal on Term A Advances, Term BBB Advances and Term BB Advances (after giving effect to any payments of principal to be made on the Term Advances on such date),

Class B Notes with respect to the Issuer, has the meaning given to that term in the Issuer Master Definitions Schedule,

Class B Required Subordinated Amount is calculated, on any date, as the product of

A x B

where

A = the Class B Required Subordinated Percentage, and

B = the Principal Amount Outstanding of all Notes on such date (after giving effect to any payments of principal to be made on the Notes on such date) less the amounts standing to the credit of the Cash Accumulation Ledger and the Principal Ledger available on such date for the repayment of principal on the Term Advances (after giving effect to any repayments of principal to be made on the Term Advances on such date),

Class B Required Subordinated Percentage means, on any date, the percentage specified as such in the most recent Final Terms for Class B Notes of any Series,

Class B Funding 1 Yield Reserve Notes means any Series and Class of Class B Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Class C Available Subordinated Amount is calculated, on any date, as

- (a) the sum of (i) the aggregate of the Principal Amount Outstanding of the Class D Notes of all Series (after giving effect to repayments of principal to be made on the Notes on such date), (ii) the aggregate of the principal amount outstanding under the Z Loans, (iii) the aggregate amount of the General Reserve Fund on such date, and (iv) Stressed Excess Spread,
- less
- (b) the amounts standing to the credit of the Principal Ledger available on such date for the payment of principal on Term BB Advances (after giving effect to any payments of principal to be made on the Term Advances on such date),

Class C Notes, with respect to the Issuer, has the meaning given to that term in the Issuer Master Definitions Schedule,

Class C Required Subordinated Amount is calculated, on any date, as the product of

$A \times B$

where

A = the Class C Required Subordinated Percentage, and

B = the Principal Amount Outstanding of all Notes on such date (after giving effect to any payments of principal to be made on the Notes on such date) less the amounts standing to the credit of the Cash Accumulation Ledger and the Principal Ledger available on such date for the repayment of principal on the Term Advances (after giving effect to any repayments of principal to be made on the Term Advances on such date),

Class C Required Subordinated Percentage means, on any date, the percentage specified as such in the most recent Final Terms for Class C Notes of any Series,

Class C Funding 1 Yield Reserve Notes means any Series and Class of Class C Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Class D Notes with respect to the Issuer, has the meaning given to that term in the Issuer Master Definitions Schedule,

Class D Funding 1 Yield Reserve Notes means any Series and Class of Class D Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Class M Available Subordinated Amount is calculated, on any date, as

(a) the sum of (i) the aggregate of the Principal Amount Outstanding of the Class C Notes of all Series and the Class D Notes of all Series (after giving effect to repayments of principal to be made on the Notes on such date), (ii) the aggregate of the principal amount outstanding under the Z Loans, (iii) the aggregate amount of the General Reserve Fund on such date, and (iv) Stressed Excess Spread,

less

(b) the amounts standing to the credit of the Principal Ledger available on such date for the payment of principal on the Term BBB Advances and the Term BB Advances (after giving effect to any payments of principal to be made on the Term Advances on such date),

Class M Notes means the notes of a series designated as such in the applicable final terms,

Class M Required Subordinated Amount is calculated, on any date, as the product of

$A \times B$

where

A = the Class M Required Subordinated Percentage, and

B = the Principal Amount Outstanding of all Notes on such date (after giving effect to any payments of principal to be made on the Notes on such date) less the amounts standing to the credit of the Cash Accumulation Ledger and the Principal Ledger available on such date for the repayment of principal on the Term Advances (after giving effect to any repayments of principal to be made on the Term Advances on such date),

Class M Required Subordinated Percentage means, on any date, the percentage specified as such in the most recent Final Terms for Class M Notes of any Series,

Class M Funding 1 Yield Reserve Notes means any Series and Class of Class M Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Clearing Agency means an agency registered under provisions of section 17A of the United States Securities Exchange Act of 1934 as amended,

Clearing Corporation means a corporation within the meaning of the New York Uniform Commercial Code,

Clearstream, Luxembourg means Clearstream Banking, société anonyme and any successor entity thereto,

Closing Date means a Funding 1 Closing Date or a Further Funding Company Closing Date,

Collateral Return Request has the meaning set out in Clause 4 2 of the Funding 1 Collateral Security Agreement,

Collateral Test has the meaning set out in Clause 4 9 of the Cash Management Agreement,

Completion means the completion of the sale and purchase of the relevant Portfolio pursuant to and in accordance with clause 3 or 4 (as applicable) of the Mortgage Sale Agreement,

Conditions means the terms and conditions of the Notes,

Contribution means a contribution of certain assets made by a Beneficiary to the Mortgages Trustee from time to time by way of an Initial Contribution, a Deferred Contribution, a Refinancing Contribution, a Further Contribution or a Seller Contribution,

Contributions Ledger means the ledger of such name maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement,

Controlling Beneficiary Deed means the controlling beneficiary deed entered into on or about the Initial Closing Date between the Mortgages Trustee, the Seller, Funding 1 and the Funding 1 Security Trustee as amended, restated, supplemented, replaced or novated from time to time,

Convention means the Modified Following Business Day Convention as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Associations,

Corporate Services Agreements means the Funding 1 Corporate Services Agreement, the Issuer Corporate Services Agreement, the Mortgages Trustee Corporate Services Agreement, the Holdings Corporate Services Agreement, the PECO Holdings Corporate Services Agreement, the PECO Holdings Corporate Services Agreement and/or any corporate services agreement

entered into between other Programme Issuers and/or Further Funding Companies and the relevant corporate services provider,

Corporate Services Provider means collectively the Funding 1 Corporate Services Provider, the Issuer Corporate Services Provider, the Mortgages Trustee Corporate Services Provider, Holdings Corporate Services Provider, the PECO Corporate Services Provider and any other corporate services provider pursuant to any other Corporate Services Agreement,

CPR means on any Trust Calculation Date, the annualised principal repayment rate of all the Loans comprised in the Trust Property during the previous Trust Calculation Period calculated as follows

$$1 - ((1 - R) ^ (12))$$

where "R" equals the result (expressed as a percentage) of the total Principal Receipts received during the period of one month (or, if shorter, from and including the Closing Date) ending on that Trust Calculation Date divided by the aggregate Outstanding Principal Balance of the Loans comprised in the Trust Property as at the first day of that period,

CTA 2009 means the Corporation Tax Act 2009,

CTA 2010 means the Corporation Tax Act 2010,

Current Balance means in relation to a Loan at any given date, the aggregate (without double counting) of the Outstanding Principal Balance, Accrued Interest and other amounts in Arrears relating to that Loan as at that date,

Current Funding 1 Share means the Funding 1 Share for the time being,

Current Funding 1 Share Percentage means the Funding 1 Share Percentage for the time being,

Current Seller Share means the Seller Share for the time being,

Current Seller Share Percentage means the Seller Share Percentage for the time being,

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

- (a) all material correspondence relating to that Loan, and
- (b) the completed mortgage documentation applicable to the Loan (other than the Title Deeds) including the Valuation Report and the solicitor's or licensed conveyancer's (or, in Scotland, qualified conveyancer's) Certificate of Title,

whether original documentation, electronic form or otherwise or information provided by such documentation stored on an electronic database,

D.D. Date means the date of delivery to the Mortgages Trustee 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,

Data Controller means the Mortgages Trustee,

Data Processor means the Servicer,

DPA or Data Protection Act means the Data Protection Act 1998,

Data Subject has the same meanings as assigned to that term in the Act,

Deed of Consent means a deed whereby a person in or intended to be in occupation of a Property situated in England and Wales 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,

Deed of Postponement means a deed or agreement whereby a mortgagee of or the heritable creditor in relation to a Property agrees with the Seller to postpone its mortgage or standard security (as applicable) over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage,

Deferred Contribution means a Contribution by way of cash payable pursuant to the terms of the Mortgages Trust Deed, by a Funding Company and in respect of the share of that Funding Company in the Trust Property for the purposes of enabling the Mortgages Trustee to fund the payment of Deferred Purchase Price (including in respect of Early Repayment Charges) owed by the Mortgages Trustee, pursuant to the terms of the Mortgage Sale Agreement, to the Seller in respect of the Portfolio,

Deferred Purchase Price means that portion of the Purchase Price for the sale and assignment of the Initial Portfolio or of any New Portfolio sold and assigned to the Mortgages Trustee which is not paid to the Seller, in the case of the Initial Portfolio, on the Funding 1 Initial Closing Date or, in the case of any New Portfolio, on the relevant Sale Date and which is to be paid by the Mortgages Trustee to the Seller from time to time from Deferred Contributions received by the Mortgages Trustee from a Funding Company and otherwise in accordance with the Mortgage Sale Agreement,

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,

Discounted Variable Rate Loans means those Loans that allow the Borrower to pay interest at a specified discount to the relevant Variable Rate,

Discretionary Rate Loans means loans subject to either the Seller Standard Variable Mortgage Rate or to other discretionary rates for the life of the Loan,

Discretionary Rates means the Seller Standard Variable Mortgage Rate or other discretionary rates for the life of a Loan,

Dispute Resolution Risk Mitigation Techniques means the dispute resolution risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 15 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union,

Distribution Accounts has the meaning given to such term in the Eligible Custody Agreement,

Distribution Date means the date which is two London Business Days after each Trust Calculation Date, being the date that the Mortgages Trustee will distribute Principal Receipts and Revenue Receipts to Funding 1, any Further Funding Company and the Seller,

Double Taxation Treaty means any convention between the government of the United Kingdom and any other government for the avoidance of double taxation,

Drawdown Date means the date on which Term Advance under the Intercompany Loan Agreement is made to Funding 1 by the Issuer as specified in the relevant Drawdown Notice,

Drawdown Notice means, in respect of a Term Advance under the Intercompany Loan Agreement, a notice delivered by Funding 1 to, *inter alia*, the Issuer requesting a drawing under the Intercompany Loan Agreement,

DTC means The Depository Trust Company and any successor thereto,

Early Repayment Charges means any fee which a Borrower is required to pay in the event that he or she is in default or his or her Loan becomes repayable for any other mandatory reason or he or she repays all or any part of the relevant Loan before a specified date,

Early Termination Date means the date designated under Section 6(a) or Section 6(b)(1v) of the relevant Issuer Swap Agreement if the right to terminate is exercised following an event of default or termination event,

Effective Date means the date as specified as such in the 2010 Deed of Novation,

Eligible Bank has the meaning given to that term in Schedule 3 (Panel Bank Guidelines) to the Cash Management Agreement,

Eligible Collateral has the meaning given to that term in the Funding 1 Collateral Security Agreement,

Eligible Custody Agreement means any custody agreement satisfactory to the Cash Manager which (i) is entered into by, amongst others, Funding 1, the Funding 1 Security Trustee, Lloyds Bank as collateral provider and an Eligible GIC Custodian, (ii) requires such Eligible GIC Custodian to (itself or through an agent) liquidate the related collateral within 5 Business Days of being provided notice by the Cash Manager of the occurrence of a Funding 1 Collateralised GIC Enforcement Event and to account for the proceeds to Funding 1, (iii) provides that the Eligible Collateral will be ring-fenced from the Custodian's assets, and (v) does not contain any terms which would result in the downgrade, withdrawal or qualification of the then current ratings of the Notes,

Eligible GIC Custodian means The Bank of New York Mellon or such other third party custodian that is not the Cash Manager or Lloyds Bank,

EMIR means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012,

EMU means the third stage of the European Economic and Monetary Union pursuant to the treaty of Rome of 25 March 1957 establishing the European Community (as amended from time to time),

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 means a Loan which is secured by an English Mortgage,

English Mortgage means a Mortgage secured over a property in England or Wales,

Euroclear means Euroclear Bank S A /N V , or the successor for the time being to such business,

Excess Swap Collateral will have the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Exchange Act means the United States Securities Exchange Act of 1934, as amended,

Exhibit means the exhibit to the Mortgage Sale Agreement which sets out details of the Provisional Portfolio and the Standard Documentation,

Extraordinary Resolution has the meaning given in the terms and conditions of the relevant Notes,

Facility Fee has the meaning given to such term in Clause 6 6 of the Intercompany Loan Terms and Conditions,

FCA means the Financial Conduct Authority of the United Kingdom (known as the Financial Services Authority until 1 April 2013),

FCA Rules means the rules made by the FCA under the FSMA,

Final Repayment Date means the final repayment date of each Term Advance, as specified in the relevant Intercompany Loan Confirmation,

Final Terms means, in relation to any Series of Notes, the final terms issued in relation to such Series of Notes as a supplement to these Conditions and giving details of, *inter alia*, the amount and price of such Series of Notes and which forms a part of the prospectus in relation to such Series of Notes,

Fitch means Fitch Ratings Limited and any successor to its ratings business,

Fitch Conditions has the meaning set forth in Clause 4 2 of the Mortgage Sale Agreement,

Fitch Methodology means a methodology approved by Fitch to calculate the product of the WAFF and WALs for the loans comprised in the trust property on the relevant sale date in the same way as for the Initial Mortgage Portfolio (or as agreed by the Servicer and the relevant Rating Agencies from time to time),

Fixed Rate Loans means those Loans to the extent that and for such time that the interest rate payable by the Borrower on all or part of the Outstanding Principal Balance does not vary and is fixed for a certain period of time by the Seller,

Fixed Rate Spread has the meaning given in the Funding 1 Swap Agreement,

Flexible Draw Capacity means an amount equal to the maximum amount of cash withdrawal that Borrowers may draw under certain Loans in the Trust Property as determined in respect of the previous Trust Calculation Period,

Floating Rate Note has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

FSMA 2000 or **FSMA** means the Financial Services and Markets Act 2000 (as amended from time to time),

Funding 1 means Arkle Funding (No 1) Limited, a private company incorporated in England and Wales with liability (registered number 5941595) whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP,

Funding 1 Accession Undertaking or **Accession Deed** means a form of deed of accession to the Funding 1 Deed of Charge substantially in the form set out in schedule 1 to the Funding 1 Deed of Charge,

Funding 1 Account Bank means Lloyds Bank plc acting in its capacity as Funding 1 account bank pursuant to the terms of the Funding 1 Account Bank Agreement and any other person from time to time acting as account bank under the Funding 1 Bank Account Agreement,

Funding 1 Anticipated Cash Accumulation Period means, on any Trust Calculation Date, the anticipated number of months required to accumulate sufficient Principal Receipts to pay the Relevant Accumulation Amount in relation to the relevant Cash Accumulation Advance made to Funding 1, which will be equal to

$$\frac{J + K - L}{M \times (N \times O)}$$

calculated in months and rounded up to the nearest whole number, where

J = the Relevant Accumulation Amount,

K = the aggregate Outstanding Principal Amount on that Trust Calculation Date of

(a) each Cash Accumulation Advance made to Funding 1 that was not fully repaid on its Scheduled Repayment Date, and

(b) each other Cash Accumulation Advance made to Funding 1, the Scheduled Repayment Date of which falls on or before the Scheduled Repayment Date of the Relevant Accumulation Amount,

L = the amount of any available cash already standing to the credit of the Cash Accumulation Ledger of Funding 1 at the start of that Funding 1 Interest Period (which is available to pay the Relevant Accumulation Amount) plus the aggregate amount of Cash Accumulation Requirement paid to Funding 1 since the previous Funding 1 Payment Date,

M = means the lower of (i) the sum of each monthly CPR on the three most recent Trust Calculation Dates which have occurred prior to that date divided by three and (ii) the sum of each Monthly CPR on the twelve most recent Trust Calculation Dates which have occurred prior to that date divided by twelve,

N = 0.85, and

O = the aggregate Current Balance of the Loans comprising the Trust Property on the previous Trust Calculation Date (or, if applicable, the Funding 1 Initial Closing Date),

Funding 1 Available Principal Receipts means on the day falling four Business Days prior to each Funding 1 Payment Date, an amount equal to the sum of

- (a) all Mortgage Trust Available Principal Receipts received by Funding 1 during the Funding 1 Interest Period ending on the relevant Funding 1 Payment Date,
- (b) all other Funding 1 Principal Receipts standing to the credit of the Cash Accumulation Ledger which are to be applied on the next Funding 1 Payment Date to repay a Bullet Term Advance and/or, subject to Rule 1 as set out in part 2 of schedule 2 to the Funding 1 Deed of Charge, a Scheduled Amortisation Instalment in respect of a Scheduled Amortisation Term Advance, or to make a payment under items (a) and (b) of the Funding 1 Pre-Enforcement Principal Priority of Payments and, if such Funding 1 Payment Date occurs on or after a Trigger Event, the remainder of such receipts standing to the credit of the Cash Accumulation Ledger,
- (c) the amount (if any) to be credited to the Funding 1 Principal Deficiency Ledger pursuant to the Funding 1 Pre-Enforcement Revenue Priority of Payments on the relevant Funding 1 Payment Date,
- (d) in so far as available for and needed to make a Funding 1 Reserve Principal Payment, the amount that would then be standing to the credit of the General Reserve Ledger, less any amounts applied or to be applied on the relevant Funding 1 Payment Date in payment of interest and other revenue expenses as set out in paragraphs (a) to (n) (inclusive) of the Funding 1 Pre-Enforcement Revenue Priority of Payments, plus any amounts which will be credited to the General Reserve Ledger under item (a) of the relevant Funding 1 Pre-Enforcement Principal Priority of Payments on the next Funding 1 Payment Date (i.e. occurring at the end of such period of four Business Days,
- (e) in so far as available for and needed to make a Funding 1 Reserve Principal Payment, the amount that would then be standing to the credit of the Liquidity Reserve Ledger, less any amounts applied or to be applied on the relevant Funding 1 Payment Date in payment of interest and other revenue expenses as set out in items (a) to (d), (f), (h), (j) and (l) (inclusive) of the Funding 1 Pre-Enforcement Revenue Priority of Payments, plus any amounts which will be credited to the Liquidity Reserve Ledger under item (b) of the relevant Funding 1 Pre-Enforcement Principal Priority of Payments on the next Funding 1 Payment Date (i.e. occurring at the end of such period of four Business Days), and
- (f) amounts standing to the credit of the Funding 1 Principal Ledger,

Funding 1 Available Revenue Receipts for each Funding 1 Payment Date will be calculated by the Cash Manager on each Funding 1 calculation date and will be an amount equal to the sum of

- (a) all Mortgages Trust Available Revenue Receipts distributed or to be distributed to Funding 1 during the then current interest period,
- (b) other net income of Funding 1 including all amounts of interest received on the Funding 1 Bank Accounts (other than the Funding 1 Swap Collateral Cash Account) and/or Authorised Investments (other than Authorised Investments made from amounts standing to the credit of the Funding 1 Swap Collateral Cash Account), in each case either received or to be received during the then current Funding 1 Interest Period,

- (c) amounts to be received by Funding 1 on the relevant Funding 1 Payment Date under the Funding 1 Swap Agreement excluding (without double counting) (i) any early termination amount received by Funding 1 under a Funding 1 Swap Agreement which is to be applied in acquiring a replacement Swap and (ii) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such collateral has been applied, pursuant to the provisions of the relevant Funding 1 Swap Agreement, to reduce the amount that would otherwise be payable by the Funding 1 Swap Provider to Funding 1 on early termination of the Funding 1 Swap and, to the extent so applied in reduction of the amount otherwise payable by the Funding 1 Swap Provider, such collateral is not to be applied in acquiring a replacement swap (each such excluded amount, to the extent due and payable under the terms of the Funding 1 Swap Agreement, to be paid directly to the Funding 1 Swap Provider without regard to any priority of payments applicable to Funding 1 and in accordance with the terms of the Funding 1 Deed of Charge),
- (d) the amounts then standing to the credit of the General Reserve Ledger, except that such amounts shall not be used to pay amounts under items (q) and (r) of the Funding 1 Pre-Enforcement Revenue Priority of Payments and subject to any limits or conditions on the purposes for which the General Reserve Fund may be utilized,
- (e) any amounts which have been made available from amounts standing to the credit of the Funding 1 Yield Reserve Fund pursuant to paragraph (f) of the Funding 1 Yield Reserve Priority of Payments,
- (f) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, and there are no amounts standing to the credit of the General Reserve Ledger, the amounts then standing to the credit of the Liquidity Reserve Ledger and available to be drawn, to the extent necessary (i) to pay the items in paragraphs (a) to (d) in the Funding 1 Pre-Enforcement Revenue Priority of Payments, (ii) only in respect of each Term Advance that is not a Liquidity Reserve Fund Trigger Term Advance, to pay the items in paragraphs, (f), (h), (j) and (l) in the Funding 1 Pre-Enforcement Revenue Priority of Payments, and (iii) only in respect of each Liquidity Reserve Fund Trigger Term Advance, if a Liquidity Reserve Fund AA Trigger Event has not occurred (and is continuing), to pay the items in paragraph (f) in respect of the relevant Liquidity Reserve Fund Trigger Term Advance, if a Liquidity Reserve Fund A Trigger Event has not occurred (and is continuing), to pay the items in paragraph (h) in respect of the relevant Liquidity Reserve Fund Trigger Term Advance, if a Liquidity Reserve Fund BBB Trigger Event has not occurred (and is continuing), to pay the items in paragraph (j) in respect of the relevant Liquidity Reserve Fund Trigger Term Advance and if a Liquidity Reserve Fund BB Trigger Event is not occurring, to pay the items in paragraph (l) in respect of the relevant Liquidity Reserve Fund Trigger Term Advance, in the Funding 1 Pre-Enforcement Revenue Priority of Payments,
- (g) if a Liquidity Reserve Fund Rating Event has occurred but is no longer continuing due to an increase in the Seller Rating since the preceding Funding 1 Payment Date, and Funding 1 elects to terminate the Funding 1 Liquidity Reserve Fund, all amounts standing to the credit of the Liquidity Reserve Ledger,
- (h) any amounts standing to the credit of the Liquidity Reserve Ledger in excess of the Liquidity Reserve Fund Required Amount as a result of a reduction in the Liquidity Reserve Fund Required Amount,
- (i) (only to the extent required after making the calculation set out in clause 11 of part 1 schedule 2 to the Funding 1 Deed of Charge) the aggregate of all Funding 1 Principal

Receipts (if any) which are applied on the relevant Funding 1 Payment Date to pay up to the applicable limits items (a) to (d), (f), (h), (j) and (l) of the Funding 1 Pre-Enforcement Revenue Priority of Payments, and

- (j) the amount of any reduction in the General Reserve Fund (as specified in the applicable Final Terms) following the curing of an Arrears or Step-up Trigger Event,

but, for the avoidance of doubt, excluding any Funding 1 Profit Amount retained by Funding 1 on any Funding 1 Payment Date,

Funding 1 Available Revenue Receipts does not include

- (a) any Refinancing Contribution which is applied to reduce the Funding 1 Share of the Trust Property during the Funding 1 Interest Period ending on the relevant Funding 1 Payment Date, and
- (b) any proceeds of a New Term Advance or Z Loan received by Funding 1 during the then current Funding 1 Interest Period,

Funding 1 Bank Account Agreement means the bank account agreement entered into on or about the Initial Closing Date between the Funding 1 Account Bank, Funding 1, the Cash Manager and the Funding 1 Security Trustee, (as amended, restated, supplemented, novated and/or replaced from time to time) which governs the operation of the Funding 1 Bank Accounts and any other bank account agreements entered into by Funding 1 in respect of the Funding 1 Bank Accounts,

Funding 1 Bank Accounts means the Funding 1 GIC Account, the Funding 1 Collateralised GIC Account, the Funding 1 Eligible Bank GIC Account, the Funding 1 Transaction Account, the Funding 1 Swap Collateral Cash Account, or, as applicable, any additional or replacement bank accounts opened in the name of Funding 1 from time to time,

Funding 1 Bank Mandate means the Funding 1 GIC Account Mandate, the Funding 1 Collateralised GIC Account Mandate, the Funding 1 Swap Collateral Cash Account Mandate or any Funding 1 Eligible Bank GIC Account Mandate or any other mandate given by Funding 1 to a Funding 1 Account Bank in respect of a Funding 1 Bank Account, as the case may be,

Funding 1 Cash Accumulation Period in respect of each Relevant Accumulation Amount means the period of time beginning on the earlier of the following two dates

- (a) the date determined after counting back in time from the relevant Scheduled Repayment Date of the Relevant Accumulation Amount, the number of months calculated under the definition of the Funding 1 Anticipated Cash Accumulation Period, and
- (b) the date determined after counting back in time from the relevant Scheduled Repayment Date of the Relevant Accumulation Amount, the number of months (if any) specified in the relevant Final Terms,

PROVIDED THAT

- (i) if the beginning of a Funding 1 Cash Accumulation Period as determined above would fall on a date which is not a Distribution Date, then the Funding 1 Cash Accumulation Period shall commence on the Distribution Date falling immediately

before that date A Funding 1 Cash Accumulation Period shall end in respect of a Relevant Accumulation Amount when Funding 1 has accumulated an amount equal to that particular Relevant Accumulation Amount, and

- (ii) the relevant Funding 1 Cash Accumulation Period shall not be longer than the period (if any) specified in the applicable Final Terms to be the maximum length of such period,

Funding 1 Charged Assets means the property charged by Funding 1 under and pursuant to the Funding 1 Deed of Charge (and any amendment or supplement thereto),

Funding 1 Charged Documents means each of the Transaction Documents to which Funding 1 is a party (other than the Funding 1 Deed of Charge and the Intercompany Loan Agreement) and all other contracts, documents, agreements and deeds to which Funding 1 is, or may become, a party,

Funding 1 Closing Date means, in relation to the Issuer, the Funding 1 Initial Closing Date and each subsequent date on which the Issuer offers for sale any further Series of Notes or another Funding 1 Issuer offers for sale any Funding 1 Notes,

Funding 1 Collateral Security Agreement means the security agreement to be entered into by, *inter alios*, Funding 1 and Lloyds Bank, in respect of the obligations of Lloyds Bank as the Funding 1 Account Bank in respect of the Funding 1 Collateralised GIC Account,

Funding 1 Collateralised GIC Account means an account in the name of Funding 1 held at Lloyds Bank in its capacity as Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge and/or such additional or replacement account as may for the time being be in place,

Funding 1 Collateralised GIC Account Bank means Lloyds Bank in its capacity as Funding 1 collateralised GIC account bank pursuant to the terms of the Funding 1 Collateralised Security Agreement,

Funding 1 Collateralised GIC Account Mandate means a mandate given by Funding 1 to a Funding 1 Account Bank with respect to the Funding 1 Collateralised GIC Account substantially in the form of Part 1 of Schedule 1 to the Funding 1 Bank Account Agreement,

Funding 1 Collateralised GIC Enforcement Event has the meaning given in Clause 1.1 of the Funding 1 Collateral Security Agreement,

Funding 1 Corporate Services Agreement means the corporate services agreement entered into on or about the Initial Closing Date between the Funding 1 Corporate Services Provider, Funding 1 and the Funding 1 Security Trustee as the same may be amended, restated, supplemented, replaced or novated from time to time,

Funding 1 Corporate Services Provider means Sanne Group (UK) Limited acting in its capacity as corporate services provider pursuant to the terms of the Funding 1 Corporate Services Agreement and any other person or persons from time to time acting as corporate services provider under the Funding 1 Corporate Services Agreement,

Funding 1 Deed of Charge means the deed of charge entered into on or about the Initial Closing Date between Funding 1, the Issuer, the Funding 1 Account Bank, the Mortgages Trustee, the Seller, the Cash Manager, the Funding 1 Swap Provider, the Funding 1 Corporate Services Provider, the Start-Up Loan Provider, the Z Loan Provider, the Funding 1 Security

Trustee, the Issuer Security Trustee, the Funding 1 Corporate Services Provider and the Holdings Corporate Services Provider (as amended, restated, supplemented, varied, novated and/or replaced from time to time and acceded to by any other person from time to time),

Funding 1 Deposit Non-Reserved Amounts means, as of any date of determination, all amounts whatsoever received by or on behalf of Funding 1 other than the sum of (i) all amounts (including, if applicable, estimates of any amounts) required to pay items (a) to (n) of the Funding 1 Pre-Enforcement Revenue Priority of Payment on the next upcoming Funding 1 Payment Date, (ii) any amount being accumulated in respect of any Bullet Term Advance where a failure to pay the amounts accumulated in respect of such Bullet Term Advance at the end of the Cash Accumulation Period would be an event of default in respect of that Bullet Term Advance and (iii) amounts standing to the credit of the Funding 1 Swap Collateral Cash Account, provided that, in calculating any estimates of amounts as set forth under (i) above, such estimates will be based on the higher of (1) the Cash Manager's best estimates, acting reasonably and (2) either (at the Cash Manager's discretion, acting reasonably, based on market fluctuations) (A) the equivalent amounts paid in respect of such items on the immediately preceding Funding 1 Payment Date, or (B) the product of the equivalent amounts paid in respect of such item on the immediately preceding Funding 1 Payment Date multiplied by 1.5 (in the case of (A) and (B), the amounts to be used for any such calculation shall be the corresponding amounts as evidenced by the most recent applicable investor report),

Funding 1 Determination Date means the Funding 1 Payment Date on which the relevant Funding 1 Interest Period commences, or in the case of the first Funding 1 Interest Period, the Funding 1 Initial Closing Date,

Funding 1 Eligible Bank GIC Account means a sterling account opened pursuant to Clause 4.4 of the Funding 1 Bank Account Agreement in the name of Funding 1 and to be held with the Agent Account Bank in accordance with the Funding 1 Bank Account Agreement or such other bank account agreement entered into by Funding 1 with the Agent Account Bank pursuant to Clause 4.4 of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge and/or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 Security Trustee,

Funding 1 Eligible Bank GIC Account Mandate means the mandate given by Funding 1 to an Eligible Bank with respect to a Funding 1 Eligible Bank GIC Account substantially in the form of schedule 1 to the Funding 1 Bank Account Agreement,

Funding 1 Excess Collateral means an amount equal to the realised value of the Eligible Collateral (or the applicable part of any Eligible Collateral) secured in favour of Funding 1 pursuant to the Eligible Custody Agreement and the Funding 1 Collateral Security Agreement which is in excess of the amounts standing to the credit of the Funding 1 Collateralised GIC Account as at the date of such realisation and which Lloyds Bank, in its capacity as Funding 1 Collateralised GIC Account Bank, is entitled to have returned to it as Funding 1 Collateralised GIC Account Bank under the terms of such Funding 1 Collateral Security Agreement,

Funding 1 Excess Margin Interest Amount means in respect of each Funding 1 Payment Date, the total amount of interest due and payable on the Funding 1 Yield Reserve Term Advances less the Funding 1 Yield Reserve Loan Primary Interest Amount,

Funding 1 General Reserve Fund has the same meaning as General Reserve Fund,

Funding 1 General Reserve Fund Threshold means the lesser of

- (a) the Funding 1 Reserve Required Amount, and
- (b) (if this (b) is stated to apply in the most recent Final Terms) the highest amount which the Adjusted General Reserve Fund Level has been at since the most recent Closing Date,

Funding 1 GIC Account means the account in the name of Funding 1 (sort code [REDACTED] account number [REDACTED]933, account short I D Arkle Fund 1) held at the Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 Security Trustee,

Funding 1 GIC Account Mandate means the mandate given by Funding 1 to the Funding 1 Account Bank with respect to the Funding 1 GIC Account substantially in the form of schedule 1 to the Funding 1 Bank Account Agreement,

Funding 1 Initial Closing Date means 6 November 2006,

Funding 1 Initial Contribution means a Contribution by way of cash payable, pursuant to clause 4 of the Mortgages Trust Deed, by Funding 1 to the Mortgages Trustee, which contribution is applied on the Funding 1 Initial Closing Date to fund the payment to the Seller by the Mortgages Trustee of the Funding 1 Initial Purchase Price in respect of Loans,

Funding 1 Initial Purchase Price means the cash sum paid or (as the context requires) payable by the Mortgages Trustee to the Seller in relation to the sale of a Portfolio to the Seller, funded by the Funding 1 Initial Contribution,

Funding 1 Interest Period means the period from (and including) a Funding 1 Payment Date (or in respect of the first Funding 1 Interest Period, the relevant Closing Date) to (but excluding) the next following applicable (or first) Funding 1 Payment Date and in respect of a Z Loan, (i) with respect to the first Funding 1 Payment Date to fall after a Funding Date (as defined in the Z Loan Agreement), the period from (and including) the applicable Funding Date (as defined in the Z Loan Agreement) to (but excluding) the Funding 1 Payment Date immediately following such Funding Date and (ii) thereafter, the period from (and including) the preceding Funding 1 Payment Date to (but excluding) the following Funding 1 Payment Date,

Funding 1 Issuer means the Issuer or a new company, which is established after the Funding 1 Initial Closing Date to issue Funding 1 Notes and to make a New Intercompany Loan to Funding 1,

Funding 1 Ledgers means the Funding 1 Principal Ledger, the Funding 1 Revenue Ledger, the General Reserve Ledger, the Liquidity Reserve Ledger, the Funding 1 Principal Deficiency Ledger, the Funding 1 Yield Reserve Ledger, the Intercompany Loan Ledger, the Cash Accumulation Ledger and the Panel Bank Ledger together with each sub-ledger thereof and such other ledgers as the Cash Manager determines are, or should be, maintained to record the cashflows of Funding 1,

Funding 1 Liquidity Reserve Fund has the same meaning as Liquidity Reserve Fund,

Funding 1 Liquidity Reserve Fund Required Amount means the Liquidity Reserve Fund Required Amount,

Funding 1 Notes means the Notes and the notes issued and/or to be issued by or any New Funding 1 Issuers to investors,

Funding 1 Payment Date means

- (a) subject to (b) below, the date falling on the 17th day of February, May, August and November in each year, or
- (b) upon and after the occurrence of a Pass-Through Trigger Event or (in respect of the Term Advances made on the Initial Closing Date only) the applicable Step-up Date but only if the Term Advances made on the Initial Closing Date are not redeemed on such date, the Monthly Payment Date,

or, in each case, if such date is not a Business Day, the modified following Business Day,

Funding 1 Post-Enforcement Priority of Payments means the order of priority in which the Funding 1 Security Trustee will apply all monies following service of an Intercompany Loan Acceleration Notice and enforcement of the Funding 1 Security (as set out in part 3 of schedule 3 to the Funding 1 Deed of Charge),

Funding 1 Power of Attorney means the Security Power of Attorney,

Funding 1 Pre-Enforcement Principal Priority of Payments means the order in which, prior to service of an Intercompany Loan Acceleration Notice, the Cash Manager will apply the Funding 1 Available Principal Receipts on each Funding 1 Payment Date, as set out in part 2 of schedule 3 to the Funding 1 Deed of Charge,

Funding 1 Pre-Enforcement Revenue Priority of Payments means the order of priority in which Funding 1 Available Revenue Receipts will be applied prior to service of an Intercompany Loan Acceleration Notice, as set out in part 1 of schedule 3 to the Funding 1 Deed of Charge,

Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments has the meaning given to that term in paragraph 2 of Part 2 of Schedule 2 to the Funding 1 Deed of Charge,

Funding 1 Principal Deficiency means any losses arising in relation to the Loan in the Portfolio which causes a shortfall in the amount available to pay principal on the Term Advances,

Funding 1 Principal Deficiency Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Funding 1 Principal Deficiency Sub-Ledger means singly or together (as the context requires) the Term A Principal Deficiency Sub-Ledger, the Term B Principal Deficiency Sub-Ledger, the Term M Principal Deficiency Sub-Ledger, the Term C Principal Deficiency Sub-Ledger, the Term D Principal Deficiency Sub-ledger and the Z Loan Principal Deficiency Sub-Ledger and/or such additional principal deficiency sub ledgers that may be established from time to time after the Funding 1 Initial Closing Date,

Funding 1 Principal Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Funding 1 Principal Receipts means the Principal Receipts paid by the Mortgages Trustee to Funding 1 on each Distribution Date,

Funding 1 Priority of Payments means, as applicable, the Funding 1 Pre-Enforcement Principal Priority of Payments, the Funding 1 Pre-Enforcement Revenue Priority of Payments and/or the Funding 1 Post-Enforcement Priority of Payments,

Funding 1 Profit Amount means £5,000 per annum (which is an amount that, after due consideration by the directors of Funding 1 acting in good faith, has been reduced from 0.01% of the interest paid to the Issuer on the relevant Term Advances) or such lesser amount as may be determined from time to time by the directors of Funding 1 acting in good faith (pursuant to their obligation to review such amount) and certified by them and the Funding 1 Security Trustee, with a copy to the Rating Agencies,

Funding 1 Proportion has the meaning given in clause 11.6(b) of the Mortgages Trust Deed,

Funding 1 Required Reserve Amount has the same meaning as Funding 1 Reserve Required Amount,

Funding 1 Reserve Principal Payments mean

- (a) prior to the occurrence of a Trigger Event,
 - (i) repayments of principal which are then due and payable in respect of the Original Bullet Term Advances, and
 - (ii) repayments of principal in respect of Original Scheduled Amortisation Term Advances on their respective Final Repayment Dates only, and
- (b) on or after the occurrence of a Trigger Event, repayments of principal in respect of Original Bullet Term Advances and Original Scheduled Amortisation Term Advances on their respective Final Repayment Dates only,

Funding 1 Revenue Deficit Amount means the amount of the shortfall between Funding 1 Available Revenue Receipts (ignoring, for these purposes, item (g) of the definition of Funding 1 Available Revenue Amounts) and the amounts required to pay items (a) to (d), (f), (h), (j) and (l) of the Funding 1 Pre-Enforcement Revenue Priority of Payments,

Funding 1 Reserve Required Amount means, (i) as at the Funding 1 Initial Closing Date, £116,000,000, (ii) as at the Restructuring Date, £192,300,000, and (iii) thereafter has the meaning given to such term in the most recent Final Terms,

Funding 1 Revenue Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Funding 1 Revenue Receipts means the Revenue Receipts paid by the Mortgages Trustee to Funding 1 on each Distribution Date,

Funding 1 Secured Creditors means the Funding 1 Security Trustee, the Funding 1 Swap Provider, the Cash Manager, the Funding 1 Account Bank, the Mortgages Trustee Account Bank, the Seller, the Funding 1 Corporate Services Provider, the Holdings Corporate Services Provider, each Z Loan Provider, each Start-Up Loan Provider, the Issuer and any other entity that accedes to the terms of the Funding 1 Deed of Charge from time to time,

Funding 1 Secured Liabilities means any and all of the monies, obligations and liabilities and all other amounts due, owing, payable or owed by Funding 1 to the Funding 1 Secured Creditors under and pursuant to the Funding 1 Transaction Documents and references to Funding 1 Secured Liabilities includes references to any of them,

Funding 1 Secured Obligations shall have the same meaning as Funding 1 Secured Liabilities,

Funding 1 Security means the security granted by Funding 1 to the Funding 1 Security Trustee under and pursuant to the terms of the Funding 1 Deed of Charge,

Funding 1 Security Period means the period beginning on the date of the Funding 1 Deed of Charge and ending on the date on which the Funding 1 Secured Liabilities have been unconditionally and irrevocably paid and discharged in full,

Funding 1 Security Trustee means The Bank of New York Mellon, acting in its capacity as Funding 1 Security Trustee pursuant to the terms of the Funding 1 Deed of Charge and any other person or persons from time to time acting as Funding 1 Security Trustee under the Funding 1 Deed of Charge,

Funding 1 Share means, prior to the first Trust Calculation Date, the Initial Funding 1 Share and thereafter means the amount of Trust Property beneficially owned by Funding 1 from time to time, as determined in accordance with clause 11.3 of the Mortgages Trust Deed,

Funding 1 Share Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 in accordance with the Cash Management Agreement,

Funding 1 Share Percentage means, prior to the first Trust Calculation Date, the Initial Funding 1 Share Percentage and thereafter means the percentage share of Funding 1 in the Trust Property from time to time as determined in accordance with clause 11.2 of the Mortgages Trust Deed,

Funding 1 Start-up Loan Agreement shall have the same meaning as Start-up Loan Agreement,

Funding 1 Start-up Loan Provider means initially C&G and, since the Transfer Date, Lloyds Bank plc,

Funding 1 Start-up Loan Tranche Supplement means the supplement in form set out in Schedule 1 to the Funding 1 Start-up Loan Agreement or the relevant New Funding 1 Start-up Loan Agreement containing the final terms of each Start-up Loan Advance and is supplemental to and to be read in conjunction with the Funding 1 Start-up Loan Agreement or the New Start-up Loan Agreement (as applicable),

Funding 1 Swap means the swap documented under the Funding 1 Swap Agreement which enables Funding 1 to hedge against the possible variance between the Mortgages Trustee Variable Base Rate payable on the Variable Rate Loans, the fixed rates of interest payable on the Fixed Rate Loans and the rates of interest payable on the Tracker Rate Loans and a LIBOR based rate for Sterling deposits,

Funding 1 Swap Agreement means the ISDA Master Agreement and Schedule thereto entered into on the Initial Closing Date between Funding 1, the Funding 1 Swap Provider and the Funding 1 Security Trustee and any confirmation documented thereunder from time to

time between Funding 1, the Funding 1 Swap Provider and the Funding 1 Security Trustee as may be amended, restated, varied, novated, supplemented and/or replaced from time to time,

Funding 1 Swap Collateral Cash Account has the meaning given to that term in clause 4 of the Funding 1 Bank Account Agreement,

Funding 1 Swap Collateral Cash Account Mandate means a mandate given by Funding 1 to a Funding 1 Account Bank with respect to the Funding 1 Swap Collateral Cash Account,

Funding 1 Swap Collateral Excluded Amounts means, at any time, the amount of Swap Collateral which may be applied at that time in satisfaction of the Funding 1 Swap Provider's obligation to Funding 1 under the terms of the Funding 1 Swap Agreement,

Funding 1 Swap Excluded Termination Amount means in relation to the Funding 1 Swap Agreement an amount equal to the amount of any termination payment due and payable to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider Default or following a Funding 1 Swap Provider Downgrade Termination Event,

Funding 1 Swap Provider means initially C&G and, since the Transfer Date, Lloyds Bank plc, pursuant to the Funding 1 Swap Agreement and any successor thereto,

Funding 1 Swap Provider Default means an Event of Default (as defined in the Funding 1 Swap Agreement) where the Funding 1 Swap Provider is the Defaulting Party (as defined in the Funding 1 Swap Agreement),

Funding 1 Swap Provider Downgrade Termination Event means a Termination Event following the failure by the Funding 1 Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Funding 1 Swap Agreement,

Funding 1 Transaction Account means the account in the name of Funding 1 (sort code [REDACTED] account number [REDACTED]430) held at the Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 Security Trustee,

Funding 1 Transaction Documents means the Transaction Documents to which Funding 1 is a party from time to time,

Funding 1 UK Share Trustee means Sanne Trustee Company UK Limited,

Funding 1 Yield Reserve AAA Sub-Ledger means a sub-ledger for all of the Series and Classes (or sub-classes) of Class A Funding 1 Yield Reserve Notes and, in each case, their corresponding Funding 1 Yield Reserve Term AAA Advance,

Funding 1 Yield Reserve AA Sub-Ledger means a sub-ledger for all of the Series and Classes (or sub-classes) of Class B Funding 1 Yield Reserve Notes and, in each case, their corresponding Funding 1 Yield Reserve Term AA Advance,

Funding 1 Yield Reserve A Sub-Ledger means a sub-ledger for all of the Series and Classes (or sub-classes) of Class M Funding 1 Yield Reserve Notes and, in each case, their corresponding Funding 1 Yield Reserve Term A Advance,

Funding 1 Yield Reserve BBB Sub-Ledger means a sub-ledger for all of the Series and Classes (or sub-classes) of Class C Funding 1 Yield Reserve Notes and, in each case, their corresponding Funding 1 Yield Reserve Term BBB Advance,

Funding 1 Yield Reserve BB Sub-Ledger means a sub-ledger for all of the Series and Classes (or sub-classes) of Class D Funding 1 Yield Reserve Notes and, in each case, their corresponding Funding 1 Yield Reserve Term BB Advance,

Funding 1 Yield Reserve Fund means the fund established from the proceeds of a Start-up Loan (or such other source of funds such as a term advance) and standing to the credit of the Funding 1 Yield Reserve Ledger,

Funding 1 Yield Reserve Fund Priority of Payments and Funding 1 Yield Reserve Priority of Payments means the order of priority in which the Cash Manager or, following the service of an Intercompany Loan Acceleration Notice, the Funding 1 Security Trustee, will apply all amounts standing to the credit of the Funding 1 Yield Reserve Fund (as set out in part 4 of schedule 2 to the Funding 1 Deed of Charge),

Funding 1 Yield Reserve Ledger means the ledger (which comprises the Funding 1 Yield Reserve Sub-Ledgers) maintained by the Cash Manager to record (i) on each relevant Closing Date on which any Funding 1 Yield Reserve Notes are issued, (a) an amount drawn down on such Closing Date by Funding 1 pursuant to a Start-up Loan Agreement for the purposes of funding the Funding 1 Yield Reserve Fund (or any other similar reserve fund) or (b) an amount received by Funding 1 from another source of funds for the purposes of funding the Funding 1 Yield Reserve Fund (or any other similar reserve fund) and (ii) drawings made under the Funding 1 Yield Reserve Fund,

Funding 1 Yield Reserve Loan Primary Interest Amount means in respect of each Funding Payment Date, the product of (a) the aggregate Principal Amount Outstanding of the Funding 1 Yield Reserve Term Advances, (b) a rate of interest equal to a rate of three month LIBOR plus the Funding 1 Yield Reserve Primary Revenue Margin and (c) the actual days elapsed in the relevant Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365),

Funding 1 Yield Reserve Notes means any Series and Class of Notes with respect to the Issuer which are specified in the applicable Final Terms as having the benefit of the Funding 1 Yield Reserve Fund,

Funding 1 Yield Reserve Primary Revenue Margin means

- (i) in respect of the 2010-1 Series 2 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 16 per cent per annum, and thereafter 1 65 per cent per annum,
- (ii) in respect of the 2010-1 Series 3 Class A1 Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (iii) in respect of the 2010-1 Series 3 Class A2 Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 31 per cent per annum, and thereafter 1 65 per cent per annum,

- (iv) in respect of the 2010-1 Series 4 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 25 per cent per annum, and thereafter 1 65 per cent per annum,
- (v) in respect of the 2010-1 Series 5 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (vi) in respect of the 2010-2 Series 1 Class A1 Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (vii) in respect of the 2010-2 Series 1 Class A2 Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (viii) in respect of the 2010-2 Series 1 Class A3 Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (ix) in respect of the 2010-2 Series 2 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (x) in respect of the 2010-2 Series 3 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum,
- (xi) the 2010-2 Series 4 Class A Funding 1 Yield Reserve Term Advances, from the Restructuring Date up to and excluding the Step-up Date 1 40 per cent per annum, and thereafter 1 65 per cent per annum, and
- (xii) in respect of the any other Funding 1 Yield Reserve Term Advances, the amount specified as such in the applicable Final Terms for each Series and Class of Funding 1 Yield Reserve Notes,

Funding 1 Yield Reserve Reduction Amount means, in respect of

- (i) the 2010-1 Series 2 Class A Funding 1 Yield Reserve Term Advances £9,600,000,
- (ii) the 2010-1 Series 3 Class A1 Funding 1 Yield Reserve Term Advances £9,300,000,
- (iii) the 2010-1 Series 3 Class A2 Funding 1 Yield Reserve Term Advances £2,700,000,
- (iv) the 2010-1 Series 4 Class A Funding 1 Yield Reserve Term Advances £1,300,000,
- (v) the 2010-1 Series 5 Class A Funding 1 Yield Reserve Term Advances £1,400,000,
- (vi) the 2010-2 Series 1 Class A1 Funding 1 Yield Reserve Term Advances £27,500,000,
- (vii) the 2010-2 Series 1 Class A2 Funding 1 Yield Reserve Term Advances £13,100,000,
- (viii) the 2010-2 Series 1 Class A3 Funding 1 Yield Reserve Term Advances £8,700,000,
- (ix) the 2010-2 Series 2 Class A Funding 1 Yield Reserve Term Advances £28,800,000,

- (x) the 2010-2 Series 3 Class A Funding 1 Yield Reserve Term Advances £18,100,000,
- (xi) the 2010-2 Series 4 Class A Funding 1 Yield Reserve Term Advances £7,000,000, and
- (xii) otherwise, the amount specified as such in the applicable Final Terms for each Series and Class (or sub-class) of Funding 1 Yield Reserve Notes

Funding 1 Yield Reserve Reduction Date means the date specified as such in the applicable Final Terms for each Series and Class (or sub-class) of Funding 1 Yield Reserve Notes,

Funding 1 Yield Reserve Required Amount means, (i) as at the Restructuring Date, £179,300,000, and (ii) thereafter, the amount specified as such in the most recent Final Terms,

Funding 1 Yield Reserve Sub-Ledgers means singly or together (as the context requires) the Funding 1 Yield Reserve AAA Sub-Ledger, the Funding 1 Yield Reserve AA Sub-Ledger, the Funding 1 Yield Reserve A Sub-Ledger, the Funding 1 Yield Reserve BBB Sub-Ledger and the Funding 1 Yield Reserve BB Sub-Ledger,

Funding 1 Yield Reserve Term AAA Advances means the Term AAA Advances which correspond to the Class A Funding 1 Yield Reserve Notes to fund such Term AAA Advances,

Funding 1 Yield Reserve Term AA Advances means the Term AA Advances which correspond to the Class B Funding 1 Yield Reserve Notes to fund such Term AA Advances,

Funding 1 Yield Reserve Term A Advances means the Term A Advances which correspond to the Class M Funding 1 Yield Reserve Notes to fund such Term A Advances,

Funding 1 Yield Reserve Term Advance means any Term Advance corresponding to a Series and Class of Funding 1 Yield Reserve Notes used to fund such Term Advance on the relevant Closing Date of that Term Advance,

Funding 1 Yield Reserve Term BBB Advances means the Term BBB Advances which correspond to the Class C Funding 1 Yield Reserve Notes to fund such Term BBB Advances,

Funding 1 Yield Reserve Term BB Advances means the Term BB Advances which correspond to the Class D Funding 1 Yield Reserve Notes to fund such Term BB Advances,

Funding 1 Z Loan Required Amount (i) as at the Restructuring Date, means £509,600,000 and (ii) thereafter, has the meaning given to such term in the most recent Final Terms,

Funding Companies means Funding 1 and each Further Funding Company (if any),

Funding Company Interest Periods means the Funding 1 Interest Period and the interest period of each Further Funding Company,

Funding Company Payment Date means a Funding 1 Payment Date or, as applicable, the relevant Further Funding Company Payment Date,

Funding Company Swap Agreement means a swap agreement entered into between a Funding Company and a swap provider in connection with the Loans and the relevant Intercompany Loan, including (without limitation) the Funding 1 Swap Agreement,

Funding Company Term Advance means, as applicable, a Funding 1 Term Advance and/or a Further Funding Company Term Advance,

Funding Proportion has the meaning given in clause 11 6(b) of the Mortgages Trust Deed,

Funding Company Reserve Fund means, at any time, the amount standing to the credit of the relevant Further Funding Company's reserve ledger (if any) at that time, which may be used in certain circumstances by such Further Funding Company 1 to meet any deficit in revenue or to repay amounts of principal due by it in relation to a Further Funding Company Term Advance

Funding Company Reserve Required Amount means, in relation to a Further Funding Company, a sum (if any) as at the Further Funding Company Initial Closing Date, in the amount stated in the relevant Final Terms and thereafter calculated in accordance with the Cash Management Agreement,

Further Advance means an advance made following a request from a Borrower for a further amount to be lent to him or her under his or her loan, where the Seller has a discretion as to whether to accept that request,

Further Advances Ledger means the ledger of such name maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement,

Further Contribution means the consideration in the form of cash payable by any Beneficiary to the Mortgages Trustee to increase the Funding 1 Share or, as the case may be, the Seller Share of the Trust Property, pursuant to the terms of the Mortgages Trust Deed, but excluding any Initial Contribution or Deferred Contribution paid by Funding 1,

Further Contribution Date has the meaning given in clause 11 1(a)(iii) of the Mortgages Trust Deed,

Further Funding Company means a company (excluding the Seller and Funding 1) that acquires a Share in the Trust Property and **Further Funding Companies** means any of them,

Further Funding Company Cash Accumulation Period means the anticipated period required to accumulate sufficient funds to repay a Cash Accumulation Advance made to the relevant Further Funding Company (ending when such relevant Further Funding Company has accumulated an amount equal to that Cash Accumulation Advance, taking into account its obligation to accumulate for any other Cash Accumulation Advance before, or at the same time as, the relevant Cash Accumulation Advance),

Further Funding Company Closing Date means the Closing Date in relation to an issue of Notes or other securities by any Funding Company Issuer, other than the Issuer,

Further Funding Company Issuer Closing Date means, in relation to any Further Funding Company Issuer, the applicable Further Funding Company Initial Closing Date and each subsequent date on which such Further Funding Company Issuer offers for sale any further series of its Further Funding Company Notes,

Further Funding Company Initial Closing Date means the date on which a Further Funding Company purchase a Share Percentage in the Trust Property,

Further Funding Company Initial Contribution means a Contribution by way of cash payable, pursuant to clause 4 of the Mortgages Trust Deed, by a Funding Company to the

Mortgages Trustee, which contribution is applied on the relevant Further Funding Company Initial Closing Date to fund the payment to the Seller by the Mortgages Trustee of the relevant Further Funding Company Initial Purchase Price in respect of Loans,

Further Funding Company Initial Purchase Price means the cash sum paid or (as the context requires) payable by the Mortgages Trustee to the Seller in relation to the sale of a Portfolio to the Seller, funded by the relevant Further Funding Company Initial Contribution,

Further Funding Company Issuer means a company established after the Funding 1 Initial Closing Date to issue Further Funding Company Notes and to make an intercompany loan to the relevant Further Funding Company,

Further Funding Company Notes means the notes issued and/or to be issued by any Further Funding Company Issuers to investors,

Further Funding Company Payment Date will have the meaning given in the relevant intercompany loan confirmation with respect to the applicable Further Funding Company,

Further Funding Company Share means the amount of Trust Property beneficially owned by the relevant Further Funding Company from time to time, as determined in accordance with clause 11.5 of the Mortgages Trust Deed,

Further Funding Company Share Percentage means the amount of the Trust Property calculated in the same way as the Funding 1 Share Percentage,

Further Funding Company Share Ledger means a ledger to be established and maintained by the Cash Manager on behalf of a Further Funding Company in accordance with the Cash Management Agreement to record the relevant Further Funding Company's current Further Funding Company Share and the current Further Funding Company Share Percentage of the Trust Property,

Further Funding Company Share Percentage means, in relation to each Further Funding Company, the Initial Further Funding Company Share Percentage and thereafter means percentage share of such Further Funding Company in the Trust Property from time to time, as determined in accordance with clause 11.5 of the Mortgages Trust Deed,

Further Funding Company Swap means a swap under Further Funding Company Swap Agreement,

Further Funding Company Swap Agreement means a Further Funding Company Swap entered into by the relevant Further Funding Company and a Further Funding Company Swap Provider in connection with the Loans and the Term Advances,

Further Funding Company Swap Provider means the swap provider under a Further Funding Company Swap Agreement,

Further Funding Company Term Advance means the advances made under the intercompany loan agreement with respect to the relevant Further Funding Company,

Further Funding Company's Proportion has the meaning given in clause 11.6 of the Mortgages Trust Deed,

Future Trust Property means any or all New Portfolios that have been or will be sold to the Mortgages Trustee on any Sale Date,

General Reserve Fund means, at any time, the amount standing to the credit of the General Reserve Ledger at that time, which may be used in certain circumstances by Funding 1 to meet any deficit in revenue or to repay amounts of principal,

General Reserve Fund Required Amount has the same meaning as the Funding 1 Reserve Required Amount,

General Reserve Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

GIC Collateral Custody Account means the securities account listed in Schedule D of the Eligible Custody Agreement, maintained by the Eligible GIC Custodian for the account of Lloyds Bank (as the Funding 1 Collateralised GIC Account Bank), and any successor or replacement securities account maintained by any Eligible GIC Custodian for the account of Lloyds Bank (as the Funding 1 Collateralised GIC Account Bank) under the Eligible Custody Agreement and notified to Funding 1 and the Funding 1 Security Trustee,

Halifax Loan means each Loan originated by Bank of Scotland plc under the Halifax brand,

HMRC means HM Revenue & Customs,

Holding Company means a holding company within the meaning of section 736 of the Companies Act 1985,

Holdings means Arkle Holdings Limited (registered number 5941683), a private limited company incorporated under the laws of England and Wales with limited liability, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP,

Holdings Corporate Services Agreement means the corporate services agreement dated on or before the Initial Closing Date between the Holdings Corporate Services Provider, Holdings, Funding 1 and the Funding 1 Security Trustee as amended, restated, supplemented, replaced or novated from time to time,

Holdings Corporate Services Provider means Sanne Group (UK) Limited acting in its capacity as Holdings Corporate Services Provider pursuant to the Holdings Corporate Services Agreement and any person or persons from time to time acting as corporate services provider to Holdings under the Holdings Corporate Services Agreement,

Homeowner Mortgage Support Scheme or **HMSS** means the scheme announced by, the UK Government on 3 December 2008 in which the Seller participates, the terms of which provide that, subject to certain conditions, eligible mortgage borrowers experiencing a temporary loss of income will be allowed to defer up to 70 per cent of interest payments for up to two years, with a percentage of the deferred interest payments being guaranteed by the UK Government in certain circumstances should the borrower default,

in Arrears or **in arrears** means, in respect of a loan, when one or more Monthly Payments in respect of a loan have become due and payable but have not been paid by a borrower within one month of their becoming so due and payable,

Indemnified Party has the meaning given to it in schedule 1 (Form of Security Power of Attorney), Funding 1 Deed of Charge,

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller to the relevant Borrower,

Initial Beneficiaries means the Seller and Funding 1,

Initial Closing Date means, as applicable, the Funding 1 Initial Closing Date or a Further Funding Company Initial Closing Date,

Initial Closing Trust Property means the Initial Portfolio sold by the Seller to the Mortgages Trustee on the Funding 1 Initial Closing Date,

Initial Contribution means a Funding 1 Initial Contribution or a Further Funding Company Initial Contribution,

Initial Funding 1 Share has the meaning given in clause 10 of the Mortgages Trust Deed,

Initial Funding 1 Share Percentage has the meaning given in clause 10 of the Mortgages Trust Deed,

Initial Funding Company Share Percentage, in respect of a Funding Company, means the Funding Company Share Percentage as at the point that such Funding Company initially acquires a Share Percentage in the Trust Property,

Initial Loans means the portfolio of residential first mortgage loans sold by the Seller to the Mortgages Trustee on the Funding 1 Initial Closing Date pursuant to the Mortgage Sale Agreement,

Initial Portfolio means the Provisional Portfolio other than any Loan and its Related Security redeemed in full on or before the Funding 1 Initial Closing Date,

Initial Purchase Price means, as applicable, the Funding 1 Initial Purchase Price and/or any Further Funding Company Initial Purchase Price,

Initial Related Security means the Related Security sold by the Seller to the Mortgages Trustee on the Funding 1 Initial Closing Date pursuant to the Mortgage Sale Agreement,

Initial Seller Share has the meaning given in clause 10 of the Mortgages Trust Deed,

Initial Seller Share Percentage has the meaning given in clause 10 of the Mortgages Trust Deed,

Initial Trust Property means the sum of £100 (one hundred pounds) that the Jersey Share Trustee settles on the Mortgages Trust pursuant to clause 2 1 of the Mortgages Trust Deed,

Insolvency Event in respect, means, in respect of a party, (for the purposes of this definition, a **relevant entity**) means

- (a) an order is made or an effective resolution passed for the winding up of the relevant entity,
- (b) the relevant entity ceases or threatens to cease to carry on 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 1986 (as amended) 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 any 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 any substantial part of undertaking or assets of the relevant entity and in any of the foregoing cases it is not discharged within 15 London 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,

Insolvency Regulation means the EC Regulation on Insolvency Proceedings 2000 (Council Regulation (EC) No 1346/2000 of 29 May 2000),

Insurance Endorsements means the endorsements of the Insurance Policies substantially in the form of schedule 8 of the Mortgage Sale Agreement,

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

Intercompany Loan means a loan from the Issuer or a New Issuer to, as applicable, Funding 1 or a Further Funding Company in connection with the Mortgages Trust,

Intercompany Loan Acceleration Notice means an acceleration notice served by the Issuer Security Trustee on Funding 1 following an Intercompany Loan Event of Default or the equivalent in relation to any other Intercompany Loan,

Intercompany Loan Agreement means the loan agreement dated on or before the Initial Closing Date between Funding 1, the Issuer, the Issuer Security Trustee as amended, restated, varied, novated, replaced or supplemented from time to time,

Intercompany Loan Confirmation means in relation to any term advances the document between, amongst others, Funding 1 and the Issuer recording the principal terms of such term advance and incorporating the Intercompany Loan Terms and Conditions,

Intercompany Loan Enforcement Notice means the notification made by the Funding 1 Security Trustee pursuant to Clause 8 1(c) of the Funding 1 Deed of Charge,

Intercompany Loan Events of Default means the occurrence of an event of default under an Intercompany Loan Agreement as specified in clause 14 of the Intercompany Loan Terms and Conditions,

Intercompany Loan Ledger means the ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Intercompany Loan Terms and Conditions means the terms and conditions signed on or about the Initial Closing Date by the Issuer, Funding 1, the Issuer Security Trustee, the Funding 1 Security Trustee and the Agent Bank for the purposes of identification,

Interest-only Mortgages Level Test is satisfied if, as at the most recent trust calculation date

$$\frac{A}{B} \times 100 \leq C$$

where

A = the Current Balance of all Interest-only Mortgage Loans in the Trust Property as at the relevant Trust Calculation Date,

B = the current balance of all loans in the mortgages trust as at the relevant trust calculation date, and

C = the number specified in the most recent Final Terms

Interim Trust Calculation Date has the meaning given in Clause 11.1 of the Mortgages Trust Deed,

Interim Trust Calculation Period means the portion of a trust calculation period that is less than a full trust calculation period,

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 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 as input tax (as that expression is defined in section 24(1) of the Value Added Tax Act 1994) for the prescribed accounting period (as that expression is used in section 25(1) of the Value Added Tax Act 1994) to which such input tax relates,

Issuer means Arkle Master Issuer plc (registered number 5941709), a public limited company incorporated under the laws of England and Wales with limited liability, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP,

Issuer Account Bank means Lloyds Bank plc acting in its capacity as account bank pursuant to the terms of the Issuer Account Bank Agreement and any other person or persons from time to time acting as account bank under the Issuer Account Bank Agreement,

Issuer Bank Accounts means the Issuer Transaction Account, any Issuer Swap Collateral Cash Account, or, as applicable, any additional or replacement bank accounts opened in the name of the Issuer with the Issuer Account Bank from time to time,

Issuer Cash Manager shall have the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Issuer Corporate Service Provider means Sanne Group (UK) Limited acting in its capacity as corporate services provider pursuant to the terms of the Issuer Corporate Services Agreement and any other person or persons from time to time acting as corporate services provider under the Issuer Corporate Services Agreement,

Issuer Deed of Charge means the deed of charge entered into on or about the Initial Closing Date between the Issuer, the Issuer Security Trustee, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Exchange Rate Agents, the US Paying Agent, the Issuer Swap Provider, the Issuer Cash Manager, the Issuer Corporate Services Provider, the

Post-Enforcement Call Option Holder Corporate Services Provider and PECO Holdings Corporate Services Provider, as amended, restated, supplemented, replaced or novated from time to time,

Issuer Intercompany Loan means, taken together, the Term Advances made pursuant to the Intercompany Loan Agreement,

Issuer Master Definitions and Construction Schedule means the Issuer Master Definitions and Construction Schedule entered into on or about the Initial Closing Date between, amongst others, the Issuer, the Issuer Security Trustee, the Issuer Cash Manager, the Corporate Services Providers, Funding 1 and the Note Trustee as amended, restated, supplemented, replaced or novated from time to time,

Issuer Post Enforcement Priority of Payments has the meaning given in the Issuer Master Definitions and Construction Schedule,

Issuer Profit Amount has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Issuer Security means the security created by the Issuer, under and pursuant to the Issuer Deed of Charge in favour of the Issuer Secured Creditors (as defined in the Issuer Master Definitions and Construction Schedule),

Issuer Security Trustee means The Bank of New York Mellon, acting in its capacity as Issuer Security Trustee pursuant to the terms of the Issuer Deed of Charge and any other person or persons from time to time acting as Issuer Security Trustee under the Issuer Deed of Charge,

Issuer Swap Agreements has the meaning given to such term in the Issuer Master Definitions and Construction Schedule,

Issuer Swap Excluded Termination Amount means, in relation to an Issuer Swap Agreement, an amount equal to

- (a) the amount of any termination payment due and payable to the relevant Issuer Swap Provider as a result of an Issuer Swap Provider Default or following an Issuer Swap Provider Downgrade Termination Event,

less

- (b) the amount, if any, received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace such replacement Swap Provider to replace such Issuer Swap Agreement which has been terminated as a result of such Issuer Swap Provider Default or following the occurrence of such Issuer Swap Provider Downgrade Termination Event,

Issuer Swap Providers means the institutions identified in respect of each Issuer Swap Agreement in the Final Terms related to the relevant Series and Class of Notes,

Issuer Swap Provider Default means the occurrence of an event of default (as defined in the relevant Issuer Swap Agreement) where the relevant Issuer Swap Provider is the defaulting party (as defined in the relevant Issuer Swap Agreement),

Issuer Swap Provider Downgrade Termination Event means a termination event following the failure by an Issuer Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Issuer Swap Agreement,

Issuer Transaction Documents means those Transaction Documents to which the Issuer is party,

ITA 2007 means the Income Tax Act 2007,

Jersey Share Trust Deed means the instrument of trust dated 21 September 2006 executed by the Jersey Share Trustee in relation to the issued shares of the Mortgages Trustee,

Jersey Share Trustee means Sanne Trustee Services Limited or any successors thereto acting in its capacity as Jersey Share Trustee pursuant to the terms of the Jersey Share Trust Deed and any other person or persons who from time to time acting as Jersey Security Trustee under the Issuer Deed of Charge,

Law includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, taxation, regulatory, self regulatory or other authority or agency,

Legal Entity Identifier means a “legal entity identifier” satisfying the requirements of U S Commodity Futures Trading Commission (CFTC) Regulation 45.6 or such other entity identifier as shall be provided by the CFTC pending the availability of such legal entity identifiers,

Legal Opinions means the legal opinions delivered by

- (a) Allen & Overy LLP (as to English law),
- (b) Allen & Overy LLP (as to English tax law),
- (c) CMS Cameron McKenna LLP (as to Scots Law),
- (d) Allen & Overy LLP (10b-5 letter),
- (e) Mourant Ozannes (as to Jersey law),
- (f) Clifford Chance Limited Liability Partnership (10b-5 letter),

on the Funding 1 Initial Closing Date and on each subsequent Closing Date,

Lending Criteria means the criteria applicable to the granting of an offer of a Mortgage to a Borrower, as may be amended from time to time and, in relation to Loans currently or previously originated by the Seller as set forth in Schedule 4 to the Mortgage Sale Agreement,

Liability means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis),

LIBOR means the London interbank offered rate for deposits in the relevant currency, as determined, with respect to the Floating Rate Notes, by the Agent Bank in accordance with the conditions, the Paying Agent and Agent Bank Agreement and the applicable Final Terms,

Liquidity Reserve Fund means a fund established on the occurrence of Liquidity Reserve Fund Rating Event,

Liquidity Reserve Fund Rating Event occurs when the Seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below A3 by Moody's (unless Moody's confirms that its then current ratings of the Notes will not be adversely affected as a consequence of such rating of the Seller) or the Seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below A- by Fitch (unless Fitch confirms that its then current ratings of the Notes will not be adversely affected as a consequence of such rating of the Seller),

Liquidity Reserve Fund Required Amount means an amount as of any Funding 1 Payment Date equal to the excess (if any) of 3% of the aggregate outstanding balance of the Notes on that Funding 1 Payment Date over the aggregate of amounts standing to the credit of the General Reserve Fund on that Funding 1 Payment Date,

Liquidity Reserve Fund Trigger Term Advance means a Term Advance that is made after 29 April 2010 and which is specified as being a Liquidity Reserve Fund Trigger Term Advance in the applicable Final Terms,

Liquidity Reserve Fund AA Trigger Event in relation to a specific Term AA Advance that is a Liquidity Reserve Fund Trigger Term Advance, the debit balance on the AA Principal Deficiency Sub-Ledger as at the relevant Funding 1 Calculation Date is an amount more than the applicable Liquidity Reserve Fund AA Trigger Percentage multiplied by the outstanding principal amount under the Term AA Advances,

Liquidity Reserve Fund AA Trigger Percentage the percentage specified in the applicable Final Terms corresponding to the relevant Liquidity Reserve Fund Trigger Term Advance,

Liquidity Reserve Fund A Trigger Event in relation to a specific Term A Advance that is a Liquidity Reserve Fund Trigger Term Advance, the debit balance on the A Principal Deficiency Sub-Ledger as at the relevant Funding 1 Calculation Date is an amount more than the applicable Liquidity Reserve Fund A Trigger Percentage multiplied by the outstanding principal amount under the Term A Advances,

Liquidity Reserve Fund A Trigger Percentage the percentage specified in the applicable Final Terms corresponding to the relevant Liquidity Reserve Fund Trigger Term Advance,

Liquidity Reserve Fund BBB Trigger Event in relation to a specific Term BBB Advance that is a Liquidity Reserve Fund Trigger Term Advance, the debit balance on the BBB Principal Deficiency Sub-Ledger as at the relevant Funding 1 Calculation Date is an amount more than the applicable Liquidity Reserve Fund BBB Trigger Percentage multiplied by the outstanding principal amount under the Term BBB Advances,

Liquidity Reserve Fund BBB Trigger Percentage the percentage specified in the applicable Final Terms corresponding to the relevant Liquidity Reserve Fund Trigger Term Advance,

Liquidity Reserve Fund BB Trigger Event in relation to a specific Term BB Advance that is a Liquidity Reserve Fund Trigger Term Advance, the debit balance on the BB Principal Deficiency Sub-Ledger as at the relevant Funding 1 Calculation Date is an amount more than

the applicable Liquidity Reserve Fund BB Trigger Percentage multiplied by the outstanding principal amount under the Term BB Advances,

Liquidity Reserve Fund BB Trigger Percentage the percentage specified in the applicable Final Terms corresponding to the relevant Liquidity Reserve Fund Trigger Term Advance,

Liquidity Reserve Ledger means a ledger of such name maintained by the Cash Manager on behalf of Funding 1 pursuant to the Cash Management Agreement,

Lloyds Banking Group means Lloyds Banking Group plc and its subsidiary undertakings from time to time,

Lloyds Bank plc or **Lloyds Bank** means Lloyds Bank plc, a public limited company (registered number 00002065) incorporated in England and Wales whose registered office is at 25 Gresham Street, London EC2V 7HN and any successor to the business thereof,

Lloyds Bank Group means Lloyds Bank plc and its subsidiary undertakings from time to time,

Lloyds Group means Lloyds Banking Group plc and each of its subsidiaries and affiliates,

Loan means each loan referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances) due or owing with respect to that loan under the relevant Mortgage Conditions and Loan Conditions 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,

Loan Conditions means the terms and conditions applicable to a Loan as contained in the Standard Documentation provided to Borrowers from time to time,

Loan Repurchase Notice means a notice in the form set out in schedule 6 to the Mortgage Sale Agreement,

Loan Warranties means the Representations and Warranties,

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

London Stock Exchange means the London Stock Exchange plc,

Losses means the amount of any costs, expenses, losses or other claims suffered or incurred by, as applicable, the Mortgages Trustee and/or Funding 1 in connection with any recovery of interest on the Loans to which the Seller, the Mortgages Trustee or Funding 1 was not entitled or could not enforce as a result of any determination by any court or other competent authority or any ombudsman in respect of any Loan and its Related Security that

- (a) any term which relates to the recovery of interest under the Standard Documentation applicable to that Loan and its Related Security is unfair, or
- (b) the interest payable under any Loan is to be set by reference to the Lloyds Bank plc variable base rate (and not that of the Seller's successors or assigns or those deriving title from them), or

- (c) the variable margin above the Bank of England repo rate under any tracker rate loan must be set by the Seller, or
- (d) the interest payable under any loan is to be set by reference to an interest rate other than that set or purported to be set by either the Servicer or the Mortgages Trustee as a result of the Seller having more than one variable mortgage rate,

Losses Ledger means the ledger of such name established and maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement to record the Losses on the Loans in the Portfolio,

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

LTV Ratio or **Loan-To-Value Ratio** means the ratio of the Outstanding Balance of a Loan to the value of the Mortgaged Property securing that Loan,

Managers has the meaning given to it in the Issuer Master Definitions and Construction Schedule,

Mandate means the Funding 1 Bank Mandates and the Mortgages Trustee Bank Mandates, as the case may be,

Master Definitions and Construction Schedule means this Agreement as amended, restated, varied, supplemented, novated and/or replaced from time to time,

Material Adverse Effect means a material adverse effect on

- (a) the business or financial condition of Funding 1,
- (b) the ability of Funding 1 to perform its obligations under any Funding 1 Transaction Documents, or
- (c) the validity or enforceability of any Funding 1 Transaction Documents,

MHA Documentation means an affidavit, 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 Ratings means the Seller ceases to have long term, unsecured and unguaranteed credit ratings from Fitch of at least BBB or from Moody's of at least Baa2 or ceases to have short term unsecured, unsubordinated and unguaranteed credit ratings from S&P of at least BBB+,

Minimum Seller Share means the amount calculated in accordance with clause 12.2 of the Mortgages Trust Deed,

Minimum Trust Size means an amount as specified in the most recent Final Terms,

Minimum Trust Property Yield Margin means, (i) as at the Restructuring Date, 1.45 per cent per annum above LIBOR for three month sterling deposits, and (ii) thereafter has the meaning given to such term in the most recent Final Terms,

Monthly CPR on any Trust Calculation Date means the total Principal Receipts received during the period of one month ending on that Trust Calculation Date divided by the

aggregate Current Balance of the Loans comprised in the Trust Property as at the immediately preceding Trust Calculation Date,

Monthly Payment means the amount which the relevant Loan Conditions require a Borrower to pay on each date on which interest (together with principal in relation to a repayment mortgage) is due to be paid by the relevant Borrower on that Borrower's Loan or, if any such day is not a Business Day, the next following Business Day unless that next following Business Day falls in the next calendar month, in which case the preceding Business Day,

Monthly Payment Day or Monthly Payment Date means the date falling on the 17th day of each calendar month or, if such date is not a Business Day, the next following Business Day,

Moody's means Moody's Investors Service Limited and includes any successor to its rating business,

Moody's Portfolio Variation Test means the calculation methodology provided by Moody's to the Servicer from time to time for the purpose of calculating the Moody's portfolio variation test value,

Moody's Portfolio Variation Test Value means a certain percentage resulting from the application of the Moody's Portfolio Variation Test,

Mortgage means a first fixed charge by way of legal mortgage (in relation to English Loans) or a first ranking standard security (in relation to Scottish Loans) sold by the Seller to the Mortgages Trustee pursuant to the Mortgage Sale Agreement, which secures the repayment of the relevant Loan or Loans,

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 the loans as contained in the Seller's Mortgage Conditions booklets for England and Wales and Scotland applicable from time to time or that of the provider of services to the Seller pursuant to the Servicing and Distribution Agreement,

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

Mortgage Sale Agreement means the mortgage sale agreement entered into on or about the Initial Closing Date between the Seller, Funding 1, the Mortgages Trustee and the Funding 1 Security Trustee as amended, restated, supplemented, replaced or novated from time to time including any New Mortgage Sale Agreement entered into from time to time between any New Seller, Funding 1, the Mortgages Trustee and the Funding 1 Security Trustee,

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

Mortgages Trust means the bare trust of the Trust Property held by the Mortgages Trustee as to both capital and income on trust absolutely for Funding 1 (as to the Funding 1 Share), any Further Funding Company (as to such Funding Company's Share) and the Seller (as to the Seller Share), so that each has an undivided beneficial interest in the trust property,

Mortgages Trust Available Principal Receipts means the amount standing to the credit of the Principal Ledger on each Trust Calculation Date,

Mortgages Trust Available Revenue Receipts will be calculated by the Cash Manager on each Trust Calculation Date and in equal to the sum of

- (a) Revenue Receipts on the Loans (including payment of fees and other charges by Borrowers under other Loans), and
 - (b) interest received or payable to the Mortgages Trustee on the Mortgages Trustee GIC Account and the Mortgages Trustee Transaction Account,
 - (c) the amount of any Seller Contribution received by the Mortgages Trustee,
- less

amounts due to third parties (also known as **Third Party Amounts**), including

- (d) amounts under a direct debit which are repaid to the bank making the payment if that bank is unable to recoup that amount itself from its customer's account, and
- (e) recoveries in respect of amounts deducted from Loans which will belong to and be paid to the Funding Companies and/or the Seller as described therein

Mortgages Trust Deed means the mortgages trust deed entered into on or about the Initial Closing Date between the Seller, the Beneficiaries, the Cash Manager, the Mortgages Trustee and the Jersey Share Trustee, as amended, restated, supplemented, replaced or novated from time to time,

Mortgages Trustee Bank Accounts means, the Mortgages Trustee Transaction Account, the Mortgages Trustee GIC Account or, as applicable, any additional or replacement bank accounts opened in the name of the Mortgages Trustee with the Mortgages Trustee Account Bank from time to time,

Mortgages Trustee Bank Account Mandate has the same meaning as Mortgages Trustee Bank Mandate,

Mortgages Trustee Bank Mandate means the Mortgages Trustee GIC Account Mandate and the Mortgages Trustee Transaction Account Mandate,

Mortgages Trustee GIC Account Mandate means the bank account mandate given by the Mortgages Trustee to the Mortgages Trustee Account Bank in respect of the Mortgages Trustee GIC Account,

Mortgages Trustee Transaction Account Mandate means the bank account mandate given by the Mortgages Trustee to the Mortgages Trustee Account Bank in respect of the Mortgages Trustee Transaction Account,

Mortgages Trust Principal Priority of Payments means the order in which the Cash Manager applies Principal Receipts on the Loans on each Distribution Date, as set out in clause 14 of the Mortgages Trust Deed,

Mortgages Trust Revenue Priority of Payments means the order in which the Cash Manager applies the Mortgages Trust Available Revenue Receipts on each Distribution Date, as set out in clause 13 of the Mortgages Trust Deed,

Mortgages Trustee means Arkle Finance Trustee Limited (registered number 94604), a private company with limited liability incorporated in Jersey, Channel Islands, whose registered office is at 13 Castle Street, St Helier, Jersey JE4 5UT, Channel Islands,

Mortgages Trustee Account Bank means Lloyds Bank plc,

Mortgages Trustee Bank Account Agreement means the bank account agreement entered into on or about the Initial Closing Date between the Mortgages Trustee Account Bank, the Mortgages Trustee, the Cash Manager and the Funding 1 Security Trustee bank account as the same may be amended, restated, supplemented, replaced or novated from time to time,

Mortgages Trustee Corporate Services Agreement means the corporate services agreement dated on or about the Initial Closing Date and made between, amongst others, the Mortgages Trustee Corporate Services Provider, the Mortgages Trustee and the Funding 1 Security Trustee as the same may be amended, restated, supplemented, replaced or novated from time to time,

Mortgages Trustee Corporate Services Provider means Sanne Corporate Services Limited acting in its capacity as Mortgages Trustee Corporate Services Provider pursuant to the terms of the Mortgages Trustee Corporate Services Agreement and any other person or persons for the time being acting as corporate services provider to the Mortgages Trustee under the Mortgages Trustee Corporate Services Agreement,

Mortgages Trustee GIC Account means the account designated as such and maintained by the Mortgages Trustee with the Mortgages Trustee Account Bank pursuant to the Mortgages Trustee Bank Account Agreement,

Mortgages Trustee GIC Account Mandate means the bank account mandate given by the Mortgages Trustee to the Mortgages Trustee Account Bank,

Mortgages Trustee Transaction Account means the account designated as such and maintained by the Mortgages Trustee with the Mortgages Trustee Account Bank pursuant to the Mortgages Trustee Bank Account Agreement,

Mortgages Trustee Ledgers means the Principal Ledger, the Revenue Ledger, the Losses Ledger, the Funding 1 Share Ledger, the Seller Share Ledger, the Contributions Ledger, the Distributions Ledger, the Overpayment Ledger, the Underpayment Ledger, the Payment Holidays Ledger and the Further Advance Ledger,

New Beneficiary means a new Beneficiary of the Mortgages Trust,

New Funding 1 Issuer means a company (excluding the Issuer) that has been established in order to issue Funding 1 Notes,

New Funding 1 Secured Creditor means such other creditor of Funding 1 who accedes to the Funding 1 Deed of Charge from time to time including pursuant to a Funding 1 Accession Undertaking,

New Funding 1 Start-up Loan Agreement means an agreement entered into between Funding 1 and a New Start-up Loan Provider and the Funding 1 Security Trustee (as the same may be amended, restated, varied, novated, replaced or supplemented from time to time),

New Funding 1 Start-up Loan Provider means an entity who shall supply a New Start-up Loan to Funding 1,

New Funding 1 Swap means a new swap under the existing Funding 1 Swap Agreement or a New Funding 1 Swap Agreement,

New Funding 1 Swap Agreement means a New Funding 1 Swap entered into by Funding 1 and a New Funding 1 Swap Provider in connection with the Loans and the Term Advances,

New Funding 1 Swap Provider means the swap provider under a New Funding 1 Swap Agreement,

New Intercompany Loan means a loan of the proceeds of any issue of Funding 1 Notes by any New Funding 1 Issuer after the Funding 1 Initial Closing Date, such loan being advanced to Funding 1 by such Funding 1 Issuer pursuant to the terms of a New Intercompany Loan Agreement,

New Intercompany Loan Agreement means an intercompany loan agreement entered into on a Funding 1 Closing Date between, *inter alios*, a New Funding 1 Issuer and Funding 1 pursuant to which such Funding 1 Issuer lends the proceeds of an issue of Funding 1 Notes to Funding 1,

New Issuer has the meaning given to such term in the Issuer Master Definitions and Construction Schedule,

New Issuer Swap Provider means any entity who enters into a hedging arrangement with a New Funding 1 Issuer,

New Loan Type means on any date a type of Loan that date that has not previously been comprised in the Mortgages Trust,

New Loans means Loans which the Seller may sell from time to time after the Initial Closing Date pursuant to the terms of Mortgage Sale Agreement,

New Mortgage Sale Agreement means any new mortgage sale agreement entered into between any New Seller, the Mortgages Trustee, Funding 1 and the Funding 1 Security Trustee, which shall be substantially in the same form and contain substantially the same provisions (provided that the Funding 1 Security Trustee may agree variations to the representations and warranties in relation to the relevant Halifax Loans and their Related Security) as the Mortgage Sale Agreement,

New Notes has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

New Portfolio means the portfolio of Loans and their Related Security (other than any Loans and their Related Security which have been redeemed in full on or before the Sale Date), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest and Capitalised Arrears) and other sums due or to become due in respect of such Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms,

- (b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MHA Documentation and all third party guarantees and any other collateral security for the repayment of the relevant New Loans secured by the relevant New Mortgages,
- (c) the right to exercise all the powers of the Seller in relation thereto,
- (d) all the estate and interest in the relevant Properties vested in the Seller,
- (e) each relevant Certificate of Title and Valuation Report and any right of action of the Seller against 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 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,
- (f) all rights, titles and interests of the Seller (including, without limitation the proceeds of all claims to which the Seller is entitled) under the Properties in Possession Cover, and
- (g) all proceeds from the enforcement of such Loans and their Related Security,

New Portfolio Notice means a notice in the form set out in schedule 9 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement,

New Related Security means the Related Security for the New Loans (including any Mortgages) sold to the Mortgages Trustee by the Seller,

New Seller means Bank of Scotland plc (and any successor to the business thereof) who accedes to the relevant Transaction Documents and sell Halifax Loans and their Related Security to the Mortgages Trustee in the future pursuant to a New Mortgage Sale Agreement,

New Series means a Series of New Notes issued by the Issuer,

New Start-up Loan means a loan made by a New Start-up Loan Provider to Funding 1 under a New Start-up Loan Agreement,

New Start-up Loan Agreement shall have the same meaning as New Funding 1 Start-up Loan Agreement,

New Term Advance means an advance of funds by a New Funding 1 Issuer to Funding 1 under the terms of a New Intercompany Loan Agreement, which advance is funded by a corresponding class of Funding 1 Notes,

New Trust Property means any New Loans and their New Related Security to be sold to the Mortgages Trustee by the Seller,

New York Business Day means a day (other than a Saturday or a Sunday) on which banks are generally open in the city of New York,

New Z Loan means each Z loan that a New Z Loan Provider will make available to Funding 1 pursuant to the relevant New Z Loan Agreement,

New Z Loan Agreement means an agreement entered into between Funding 1, a New Z Loan Provider and the Funding 1 Security Trustee (as the same may be amended, restated, varied, novated, replaced or supplemented from time to time),

New Z Loan Provider means the provider of a New Z Loan to Funding 1 under the relevant New Z Loan Agreement,

Non-Asset Trigger Event will occur on a Trust Calculation Date if

- (a) an Insolvency Event occurs in relation to the Seller on or about that Trust Calculation Date,
- (b) Lloyds Bank's role as Servicer is terminated and a new Servicer is not appointed within 60 days,
- (c) the Seller Share at any time is equal to or less than the Minimum Seller Share on two consecutive Trust Calculation Dates (in each case by reference to the most recent Trust Calculation Date), or
- (d) on such Trust Calculation Date, the aggregate current balance of Loans comprising the Trust Property at that date is less than the minimum trust size as specified in respect of such date in the most recent Final Terms,

Normal Trust Calculation Date means the first day (or, if not a London Business Day, the next succeeding London Business Day) of each month,

Note Acceleration Notice, in relation to the Issuer, has the meaning given to that term in the Issuer Master Definitions and Construction Schedule and, in relation to any other Programme Issuer, means a notice upon service of which such Programme Notes shall become immediately due and payable as set out in the terms and conditions applicable to such Programme Notes,

Note Determination Date means two Business Days prior to each Funding 1 Payment Date,

Note Event of Default, with respect to the Issuer, has the meaning given to that term in the Issuer Master Definitions and Construction Schedule and, in respect to any other Programme Issuer, means an event of default as specified in the terms and conditions relevant to such Programme Notes,

Noteholders shall have the meaning given to that term in the Issuer Master Definitions and Construction Schedule and/or, as the context may require, the holders of any New Notes,

Note Trustee means, with respect to the Issuer and the Notes, The Bank of New York Mellon, acting through its offices at 40th Floor, One Canada Square, London E14 5AL or such other person or companies as may from time to time be appointed as Note Trustee (or co-trustee) pursuant to the Note Trust Deed and, in respect of any other Programme Issuer, shall mean the trustee pursuant to the trust deed constituting the relevant Programme Notes,

Notes has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Novation and Assignment Deed means the deed of novation and assignment entered into on the Transfer Date between, among others, Cheltenham & Gloucester plc (in its capacities as the Original Seller, the Original Beneficiary, the Original Funding 1 Start-up Loan Provider,

the Servicer and the Cash Manager), Lloyds Bank plc (in its capacities as the New Seller, the New Beneficiary, the New Funding 1 Start-up Loan Provider, the New Funding 1 Swap Provider and the Funding 1 Account Bank), Funding 1, the Issuer, the Mortgages Trustee, the Funding 1 Corporate Services Provider, the Holdings Corporate Services Provider, the Jersey Share Trustee, the Arranger and the Dealers,

Offer Conditions means the terms and conditions applicable to a specific Loan as set out in the relevant mortgage loan agreement,

Optional Redemption Notice means a notice given by the Issuer to the Noteholders in accordance with Condition 14 of its intention to redeem Notes pursuant to Condition 5 4, Condition 5 5 or, as applicable, Condition 5 6,

Ombudsman means the Financial Ombudsman Service under the FSMA,

Original Bullet Term Advance means any Term Advance which at any time has been a Bullet Term Advance (even if such Term Advance has subsequently become a Pass-Through Term Advance),

Original LTV means for the purpose of the Fitch Conditions, the ratio calculated in the manner agreed with Fitch from time to time,

Original LTV Margin means on any date, the percentage specified as such in the most recent Final Terms,

Original Pass-Through Term Advance means a Term Advance which, at the time it was advanced, was a Pass-Through Term Advance,

Original Scheduled Amortisation Instalment means that part of a Term Advance which at any time has been a Scheduled Amortisation Instalment (even if such Term Advance has subsequently become a Pass-Through Term Advance),

Original Scheduled Amortisation Term Advance means a Term Advance which at any time has been a Scheduled Amortisation Term Advance (even if such Term Advance has subsequently become a Pass-Through Term Advance),

Outstanding Principal Amount means, in relation to a Term Advance or New Term Advance, the original principal amount thereof on the date that it is made to Funding 1 less any payments of principal in respect thereof, except if and to the extent that any such payment has been improperly withheld or refused,

Outstanding Principal Balance means, in relation to a Loan at any date (the **determination date**), the aggregate principal balance of such Loan at such date (but avoiding double counting) including

- (a) the Initial Advance made by the Seller to the relevant Borrower, together with any Capitalised Arrears,
- (b) any increase in the principal amount due under such Loan due to the relevant Borrower making Underpayments or a Further Advance being made available to a Borrower,

in each case relating to such Loan less any prepayment (including any decrease in the principal amount due under that Loan due to the Borrower making Overpayments), repayment or payment of the foregoing made on or prior to the determination date,

Overpayment means a payment by a Borrower in an amount greater than the Monthly Payment then due on the Loan,

Overpayments Ledger means the ledger of such name established and maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement in order to record overpayments with respect to the Loans,

Part VII Transfer means the transfer of the mortgages and savings business of C&G to Lloyds Bank pursuant to Part VII of FSMA,

Panel Bank Account Agreement means a bank account agreement entered into pursuant to clause 9.3 of the Funding 1 Bank Account Agreement,

Panel Bank has the meaning given to that term in clause 9.3 of the Funding 1 Bank Account Agreement,

Panel Bank Ledger means a ledger established and maintained by the Cash Manager in the books of Funding 1 for the purpose of recording amounts deposited with Panel Banks from time to time,

Panel Bank Guidelines has the meaning given to such term in Schedule 3 to the Cash Management Agreement,

Parties means parties to the relevant Transaction Documents or Transaction Document and **Party** means any one of them,

Pass-through Repayment Restrictions means, on any Funding 1 Payment Date, that no amount may be applied in repayment of any Original Pass-Through Term Advance or a Z Loan unless

- (i) the sum of the Cash Accumulation Ledger Amount and the amount of Funding 1 Available Principal Receipts after the application of items (a) and (b) and before item (c) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments,

is greater than or equal to

- (ii) the sum of the Cash Accumulation Liability and the aggregate amount of all Original Pass-through Term Advances which are due and payable as at that time,

Pass-through Term Advance means a Term Advance which has no Scheduled Repayment Date(s) other than the Final Repayment Date (or the equivalent with respect to any Further Funding Company). The Pass-Through Term Advances of Funding 1 from time to time will be all the Term Advances other than the Cash Accumulation Advances. If a Trigger Event occurs or the Funding 1 Security or the Issuer Security is enforced, then the Bullet Term Advances made to Funding 1 (other than the Term A Advances) and the Scheduled Amortisation Term Advances made to Funding 1 will be deemed to be Pass-Through Term Advances,

Pass-Through Trigger Event has the meaning given to it in the Conditions,

Payment Holiday means the period of time that a Borrower under a Loan refrains from making payments of interest and principal on his Loan either as expressly permitted by the terms of the Borrower's Loan or as permitted by the Seller and/or Servicer,

Payment Holidays Ledger means the ledger of such name established and maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement to record Payment Holidays on the Loans,

PECOH Corporate Services Agreement means the agreement dated the Funding 1 Initial Closing Date between the PECO Corporate Services Provider, PECO and the Issuer Security Trustee for the provision by the PECO Corporate Services Provider of certain corporate services and personnel to PECO (as the same may be amended, restated, varied, novated, replaced and/or supplemented from time to time),

PECOH Corporate Services Provider means Sanne Group (UK) Limited or such other person or persons for the time being acting as corporate services provider to PECO under the PECO Corporate Services Agreement,

PECOH Holdings Corporate Services Agreement means the agreement dated the Funding 1 Initial Closing Date between the PECO Holdings Corporate Services Provider, PECO Holdings and the Issuer Security Trustee for the provision by the PECO Holdings Corporate Services Provider of certain corporate services and personnel to PECO Holdings (as the same may be amended, restated, varied, novated, replaced and/or supplemented from time to time),

PECOH Holdings Corporate Services Provider means Sanne Group (UK) Limited or such other person or persons for the time being acting as corporate services provider to PECO Holdings under the PECO Holdings Corporate Services Agreement,

PECOH UK Share Trustee means Sanne Trustee Company UK Limited,

Perfection means the perfection of certain matters relating to the sale and purchase of the Portfolio as contemplated in, pursuant to and in accordance with clause 6 of the Mortgage Sale Agreement,

Permanent Regime means a permanent regime for the taxation of securitisation companies established by regulations enacted under Section 84(1) FA 2005,

Permitted Product Switch is a Product Switch where the following conditions are satisfied

- (a) the relevant Borrower has made at least one monthly payment on its then current Loan product,
- (b) the new Loan product for which the prior Loan is to be exchanged is a Permitted Replacement Mortgage Loan, and
- (c)
 - (i) each of conditions (a), (b), (c), (d), (l), (m), (n), (o), (p), (q) and (r) to the Assignment of New Loans and their Related Security is satisfied as at the date of the relevant Product Switch,
 - (ii) each of conditions (i) (using the S&P Methodology) and (k) in that section were satisfied as at the most recent Sale Date, and

- (iii) each of conditions (f), (h), and (j) in that section is satisfied as at the Trust Calculation Date immediately following the month in which the relevant Product Switch occurs

Permitted Replacement Mortgage Loan is a Loan that is subject to either (i) a Fixed Rate or to a variable rate of interest, and (ii) that has a maturity date prior to February 2050

Personal Data means any information of whatever nature satisfying the definition of 'personal data' in the 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 and any New Portfolio sold to the Mortgages Trustee (other than any Loan and its Related Security which has been redeemed in full or repurchased by the Seller on or before the Funding 1 Initial Closing Date or the relevant Sale Date, as applicable),

Portfolio Reconciliation Risk Mitigation Techniques means the portfolio reconciliation risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 13 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union,

Post-Enforcement Call Option Holder means Arkle PECO Limited (registered number 05941591), a limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP,

Potential Intercompany Loan Event of Default means any event which, with the giving of notice, any relevant certificate, the lapse of time or fulfilment of any other condition (or any combination of the foregoing), would become an Intercompany Loan Event of Default,

Potential Note Event of Default means an event which, with the giving of notice, any relevant certificate, the lapse of time or fulfilment of any other conditions (or any combination of the foregoing), would become a Note Event of Default,

Prevailing Directions means the directions given by the Funding Company with the largest Share of the Trust Property at the Trust Calculation Date immediately preceding the date on which the directions are required to be given. If more than one Funding Company has equal Shares in the Trust Property (in terms of the principal amount thereof), and there is a conflict between the directions that would be given by those Funding Companies, then (as between those Funding Companies) directions shall be given by the Funding Company whose outstanding indebtedness is rated or deemed rated higher on a weighted average basis,

Principal Amount Outstanding has the meaning given in Condition 7.5 of the Notes,

Principal Deficiency means any losses arising in relation to a Loan in the Portfolio which causes a shortfall in the amounts available to pay principal on the Term Advances,

Principal Ledger means the ledger of such name established and maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement and clause 16 of the Mortgages Trust Deed to record the Principal Receipts on the Loans and distributions of such Principal Receipts to the Beneficiaries,

Principal Receipts means all principal amounts received from Borrowers in respect of the Loans or otherwise paid or recovered in respect of the Loans and their Related Security representing monthly repayments of principal, prepayments or overpayments of principal, redemption proceeds and amounts recovered on enforcement representing principal and prepayments on the Loans (but excluding principal received or treated as received in respect of a Loan subsequent to completion of enforcement procedures and certain Early Repayment Charges),

Principal Term Advances has the meaning given in clause 5 4(a) of the Funding 1 Deed of Charge,

Processing has the meaning given to it in the Act,

Product Switch means a permitted variation to the financial terms or conditions included in the Mortgage Terms applicable to a Loan other than

- (a) any variation agreed with a Borrower to control or manage arrears on a Loan,
- (b) any variation to the rate of interest as a result of Borrowers switching to a different Variable Rate,
- (c) any variation in the final maturity date of a Loan unless, while any Term Advance is outstanding, it is extended beyond February 2050,
- (d) any variation imposed by statute,
- (e) any variation of the rate of interest payable in respect of a Loan where that rate is offered to the Borrowers of more than 10 per cent by Outstanding Principal Balance of Loans in the Portfolio in any Funding 1 Interest Period, or
- (f) any variation in the frequency with which the interest payable in respect of the Loan is charged,

Programme means the Issuer mortgage backed note programme established on 30 October 2006,

Programme Intercompany Loan means a loan made pursuant to a Programme Intercompany Loan Agreement,

Programme Intercompany Loan Agreement means an agreement pursuant to which a New Issuer advances funds to Funding 1,

Programme Issuer means the Issuer and any New Issuers,

Programme Notes means any Funding 1 Notes or any Further Funding Company Notes,

Properties in Possession Cover means the properties in possession cover written by Lloyds 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,

Property means a freehold, heritable, leasehold property or commonhold (or in Scotland, a property held under a long lease) which is subject to a Mortgage,

Provisional Portfolio means the portfolio of Loans and their Related Security, particulars of which are set out in part 1 of the Exhibit to the Mortgage Sale Agreement or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest and Capitalised Arrears) and other sums due or to become due in respect of such Loans and Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms,
- (b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, MHA Documentation, Deeds of Postponement, all third party guarantees and any other collateral security for the repayment of the relevant Loans secured by the relevant Mortgages,
- (c) the right to exercise all the powers of the Seller in relation thereto,
- (d) all the estate and interest in the relevant Properties vested in the Seller,
- (e) each Certificate of Title and Valuation Report and any right of action of the Seller against 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 given 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,
- (f) all rights, title and interests of the Seller (including, without limitation, the proceeds of all claims to which the Seller is entitled) under the Properties in Possession Cover, and
- (g) all proceeds from the enforcement of such Loans and their Related Security,

Purchase Price means the sum of (i) the Initial Purchase Price, (ii) the Deferred Purchase Price and (iii) the covenant of the Mortgages Trustee to hold the Trust Property on trust for, *inter alia*, the Seller pursuant to the terms of the Mortgages Trust Deed,

Quarterly CPR on any date means the average of the three most recent CPRs,

Rating Agencies means S&P, Moody's and Fitch and any further or replacement rating agency appointed by the Issuer with the approval of the Note Trustee to give a credit rating to the Notes of any series or the rating agencies rating the then outstanding Notes,

Rating Agency Criteria means the rating criteria of the applicable Rating Agency,

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

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 Funding 1 Charged Assets by the Funding 1 Security Trustee pursuant to the Funding 1 Deed of Charge,

Recipient Funding Company has the meaning given in clause 8 1(b) of the Mortgages Trust Deed,

Redemption Fee means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Loan,

Reference Banks has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Refinancing Contribution means is a Contribution by way of cash payable made by a Beneficiary to the Mortgages Trustee pursuant to clause 8 1 of the Mortgages Trust Deed,

Refinancing Distribution means amounts held by the Mortgages Trustee on any date in respect of any Refinancing Contribution paid by a Beneficiary to the Mortgages Trustee which will be allocated and paid by the Mortgages Trustee to the Recipient Funding Company pursuant to clause 8 of the Mortgages Trust Deed,

Refinancing Notice has the meaning given in clause 8 1(b) of the Mortgages Trust Deed,

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

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

Registers of Scotland means the Land Register of Scotland and the General Register of Sasines,

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the Mortgage Trustee pursuant to clause 2 1 or clause 4 1 of 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, Deeds of Postponement and MHA 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 valuer, licensed or qualified conveyancer, solicitor and any registrar or registry) 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, returns of premium and proceeds of claims under) Insurance Policies deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and Loan Files,

(but excluding, for the avoidance of doubt, the Properties in Possession Cover),

Relevant Accumulation Amount means the amount of funds to be accumulated over a Cash Accumulation Period in order to repay a Bullet Term Advance or a Scheduled Amortisation Instalment on its Scheduled Repayment Date, whether or not actually repaid on that Scheduled Repayment Date,

Relevant LIBOR Basis has the meaning as defined in the applicable Intercompany Loan Confirmation,

Relevant Margin means in respect of a Term Advance, the relevant margin for such Term Advance as specified in the applicable Intercompany Loan Confirmation,

Relevant Refinancing Distribution has the meaning given in clause 7.1 of the Funding 1 Deed of Charge,

Relevant Screen Rate in relation to each Term Advance has the meaning given to such term in the relevant Intercompany Loan Confirmation,

Relevant Trust Calculation Date has the meaning given to such term in the Mortgages Trust Deed,

Repayment Requirement means on a Trust Calculation Date, the amount, if any, by which

- (a) the aggregate of all principal amounts that will be due and payable by a Funding Company on the next corresponding Funding Company Payment Date in respect of the Funding Company Term Advances made to that Funding Company on the basis
 - (i) that there would be no deferral in relation to such Funding Company Term Advances due to the operation of applicable deferral rules (e.g. in respect of Funding 1, pursuant to Rule (1) set out in paragraph 2.2 of part II of schedule 3 to the Funding 1 Deed of Charge),
 - (ii) in respect of Funding 1 only, where Rule (2) as set out in paragraph 2.2 of part II of schedule 3 to the Funding 1 Deed of Charge applies to a Funding 1 Term Advance, that the amount so payable by Funding 1 in respect of Funding 1 Term Advances (other than Bullet Term Advances and Scheduled Amortisation Instalments) under the relevant Funding 1 Term Advance shall be treated as the lesser of (A) the amount due and payable in respect of those Funding 1 Term Advances, and (B) the aggregate amount that may be repaid by Funding 1 on a Funding 1 Payment Date in respect of Funding 1 Term Advance (if Rule 2 applies), and (C) the remaining Mortgages Trust Available Principal Receipts after paying or providing for amounts set out in items (a) to (d) (inclusive) of the Mortgages Trust Principal Priority of Payments,
 - (iii) that Funding Company Term Advance will be treated as due and payable if it is already due and payable, or would become due and payable on or before the next applicable Funding Company Payment Date in accordance with the terms of the relevant Funding 1 Priority of Payments or, in respect of each Further Funding Company, the relevant priorities of payments applicable to such Funding Company, and

- (iv) the amounts due and payable to that Funding Company in respect of Bullet Term Advances and Scheduled Amortisation Instalments are excluded,

exceeds the sum of

- (b) the amounts standing to the credit of the Funding 1 Principal Ledger or, as applicable, the corresponding ledgers of the relevant Further Funding Company as at the last applicable Funding Company Payment Date (which amount was not distributed on that Funding Company Date), and
- (c) the sum of each Repayment Requirement amount paid to the relevant Funding Company on a previous Distribution Date during the relevant Funding Company Interest Period,

Representations and Warranties means the representations and warranties set out in schedule 1 to the Mortgage Sale Agreement,

Required Posted Collateral Amount means the amount of Eligible Collateral required to be secured in favour of Funding 1 pursuant to the terms of the Eligible Custody Agreement by Lloyds Bank (as Funding 1 Collateralised GIC Account Bank) pursuant to the Funding 1 Collateral Security Agreement in respect of the amounts deposited in the Funding 1 Collateralised GIC Account,

Reserve Funds means the General Reserve Fund, the Liquidity Reserve Fund and the Funding 1 Yield Reserve Fund,

Restructuring Date means 11 July 2011,

Revenue Ledger means the ledger of such name maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement and clause 16 of the Mortgages Trust Deed to record Revenue Receipts received by the Mortgage Trustee and payment of the same to Beneficiaries,

Revenue Receipts means amounts received by the Mortgages Trustee in the Mortgage Trustee GIC Account in respect of the Loans other than Principal Receipts and Third Party Amounts,

S&P and Standard & Poor's means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc and includes any successor to its rating business,

S&P Methodology means a methodology approved by S&P to calculate the product of the WAFF and WALs for the Loans comprised in the Trust Property on the relevant Sale Date in the same way as for the Initial Mortgage Portfolio (or as agreed by the Servicer and the relevant Rating Agencies from time to time),

Sale Date means the date on which any New Loans are sold to the Mortgages Trustee in accordance with clause 4 of the Mortgage Sale Agreement,

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 relevant form set out in schedule 11 to the Mortgage Sale Agreement with such modifications as may be required from time to time,

Scheduled Amortisation Instalment means that part of a Scheduled Amortisation Term Advance which is payable on each of the Scheduled Repayment Dates of that Funding Company Term Advance,

Scheduled Amortisation Repayment Restrictions means at any time on a Funding 1 Payment Date

- (a) where there is not a Bullet Accumulation Shortfall at that time, the total amount withdrawn from the Cash Accumulation Ledger on that Funding 1 Payment Date for repayment of the relevant Scheduled Amortisation Instalments shall not exceed the Cash Accumulation Ledger amount less the Bullet Accumulation Liability at that time, and
- (b) where there is a Bullet Accumulation Shortfall at that time
 - (i) no amount may be withdrawn from the Cash Accumulation Ledger on that Funding 1 Payment Date to be applied in repayment of the relevant Scheduled Amortisation Instalments, and
 - (ii) no amount may be applied in repayment of the relevant Scheduled Amortisation Instalments unless
 - (A) the sum of the Cash Accumulation Ledger amount and the amount of Funding 1 Available Principal Receipts after the application of items (a) and (b) and before item (c) of the Funding 1 Pre-Enforcement Principal Priority of Payments, is greater than or equal to
 - (B) the sum of the Bullet Accumulation Liability and the aggregate amount of Scheduled Amortisation Instalments which are due and payable as at that time,

(or, as applicable, the equivalent with respect to a Further Funding Company),

Scheduled Amortisation Term Advance means any Funding Company Term Advance which is scheduled to be repaid in multiple instalments (being Scheduled Amortisation Instalments) on Scheduled Repayment Dates in accordance with the terms of the relevant debt instruments of the Funding Companies and as set out in the relevant Final Terms. In respect of any Scheduled Amortisation Term Advances made to Funding 1 under the Intercompany Loan Agreement, such Scheduled Amortisation Term Advances will be deemed to be Pass-through Term Advances if

- (a) a Trigger Event occurs,
- (b) in respect of the Scheduled Amortisation Term Advances made by the Issuer, the security granted by that particular Programme Issuer is enforced, or
- (c) the security granted by Funding 1 is enforced,

Scheduled Repayment Date means the Funding 1 Payment Date when Funding 1 is required to repay a Bullet Term Advance or make a Scheduled Amortisation Instalment in respect of a Scheduled Amortisation Instalment in respect of a Scheduled Amortisation Term Advance (or the equivalent with respect to a Further Funding Company),

Scottish Declaration of Trust means each declaration of trust entered into among the Seller, the Mortgages Trustee and Funding 1 substantially in the form set out in Schedule 12 to the Mortgage Sale Agreement (as amended, restated, supplemented, varied, replaced and/or novated from time to time),

Scottish Loan means a Loan secured by a standard security over a Property located in Scotland,

Scottish Mortgage means a Mortgage securing a Scottish Loan,

Scottish Transfers means each Sasine Transfer and each SLR Transfer,

Scottish Trust means the trust declared over Scottish Loans pursuant to the Scottish Declaration of Trust,

Security Trustee means, unless the context requires otherwise, the Funding 1 Security Trustee,

Scottish Trust Property means the aggregate of all Scottish Trust Property as defined in each relevant Scottish Declaration of Trust,

Secured Amounts means any and all of the moneys and liabilities which an Issuer covenants to pay or discharge under the relevant Issuer Deed of Charge and all other amounts owed by it to the Beneficiaries under and pursuant to the relevant Transaction Documents,

Secured Party Notice has the meaning given to such term in the Eligible Custody Agreement

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

Security Interest or Encumbrance 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) assignment in security or other encumbrance or security interest howsoever created or arising,

Security Power of Attorney means the power of attorney granted by Funding 1 in favour of the Funding 1 Security Trustee under the Funding 1 Deed of Charge on the Funding 1 Initial Closing Date substantially in the form set out in schedule 1 to the Funding 1 Deed of Charge,

Seller means Lloyds Bank plc, which definition shall prevail over the definition of "Seller" in the Issuer Master Definition and Construction Schedule notwithstanding any other term thereof or hereof),

Seller Accrued Interest Amounts means amounts of accrued interest on the Loans up to and including their sale into the Mortgages Trust,

Seller Contribution means a Contribution by way of cash payable, pursuant to clause 6.3 of the Mortgages Trust Deed, by the Seller to the Mortgages Trustee,

Seller Power of Attorney means the power of attorney granted by the Seller in favour of Funding 1, the Mortgages Trustee and the Funding 1 Security Trustee on the Funding 1 Initial Closing Date, substantially in the form set out in schedule 5 to the Mortgage Sale Agreement,

Seller Rating means the rating given to the Seller by the applicable Rating Agency,

Seller Share means, only in respect of the period prior to the first Trust Calculation Date, the Initial Seller Share and thereafter shall have the meaning given to that term in clause 11.8 of the Mortgages Trust Deed,

Seller Share Ledger means the ledger of such name to be maintained by the Cash Manager on behalf of the Mortgages Trustee in accordance with the Cash Management Agreement to record the Current Seller Share and the Current Seller Share Percentage of the Trust Property,

Seller Share Percentage means, in respect of the period prior to the first Trust Calculation Date, the Initial Seller Share Percentage and thereafter has the meaning given to that term in clause 11.7 of the Mortgages Trust Deed,

Seller's Policy means the originating, underwriting, administration, arrears and enforcement policy applied by or on behalf of the Seller from time to time to the Loans and their Related Security owned solely by the Seller,

Seller Standard Variable Rate means the Seller's Standard Variable Mortgage Rate,

Seller Standard Variable Mortgage Rate means one of the Seller's discretionary rates, 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 Variable Mortgage Rates or **SVMR** means the variable rates that apply to variable rate loans beneficially owned by the Seller outside the Portfolio,

Servicer means Lloyds Bank or any successor or replacement servicer pursuant to the terms of the Servicing Agreement,

Servicer Termination Event means any of the events listed in clause 20.1 of the Servicing Agreement,

Services has the meaning set out in clause 3.1(a) of the Servicing Agreement,

Servicing Agreement means the agreement entered into on the Funding 1 Initial Closing Date between the Servicer, the Mortgages Trustee, the Funding 1 Security Trustee, Funding 1 and the Seller pursuant to which the Servicer agrees to administer the Loans and their Related Security comprised in the Portfolio (as the same may be amended, restated, varied, novated, replaced and/or supplemented from time to time),

Series 2006-1 Notes has the meaning given to such term in the Issuer Master Definitions and Construction Schedule,

Servicing and Distribution Agreement means the servicing and distribution agreement between C&G and Lloyds Bank entered into on or around the Transfer Date under which C&G undertakes to carry out certain mortgage and deposit services for Lloyds Bank,

Share, unless the context requires otherwise, means the Seller Share, the Funding 1 Share or any Further Funding Company Share,

Share Percentage means the Seller Share Percentage, the Funding 1 Share Percentage or a Further Funding Company Share Percentage, as applicable,

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 assignation of the relevant Scottish Loans and their related Scottish Mortgages in the relevant form set out in schedule 10 to the Mortgage Sale Agreement with such modifications as may be required from time to time,

Special Distribution means a Further Contribution paid by Funding 1 to the Mortgages Trustee to acquire part of a Seller's Share of a Trust Property,

Standard Documentation means the standard documentation, a list of which is set out in part 2 of the Exhibit to the Mortgage Sale Agreement and copies of which have been initialled on behalf of the parties thereto for the purposes of identification, 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,

Standard Security or standard security means a standard security as defined in Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970 as amended,

Start-up Loan Advances means the advances made under the Start-up Loan Agreement in connection with the issuance of Notes on any Closing Date as may be specified in the relevant Final Terms,

Start-up Loan Agreement means the agreement entered into on the Funding 1 Initial Closing Date between Funding 1, the Start-up Loan Provider and the Funding 1 Security Trustee (as the same may be amended, restated, varied, novated, replaced or supplemented from time to time) and, if applicable, a New Start-up Loan Agreement,

Start-up Loan Provider means initially C&G and, since the Transfer Date, Lloyds Bank, in its capacity as provider of each Start-Up Loan and, if applicable, a New Start-up Loan Provider,

Start-up Loans means the start-up loans that the Start-up Loan Provider will make available to Funding 1 pursuant to the Start-up Loan Agreement,

Start-up Loan Tranches means Term A Start-up Loan Tranche, Term B Start-up Loan Tranche, Term C Start-up Loan Tranche and Term D Start-up Loan Tranche together (and each, a **Start-up Loan Tranche**),

Start-up Term Advance has the meaning given to that term in clause 2.1 of the Start-up Loan Agreement,

Step-up Amount means the amount payable on a Term Advance following the Step-up Date (if any) in respect of such Term Advance corresponding to the Step-up Coupon in respect of the corresponding Class of Notes,

Step-up Coupon has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Step-Up Date means

- (a) in relation to a Term Advance, the Funding 1 Payment Date on which the interest rate on the relevant Term Advance made under the Intercompany Loan increases by a pre-determined amount, and

- (b) in relation to the Notes, the Interest Payment Date on which the interest rate on the relevant Notes increases by a pre-determined amount as specified in the applicable Final Terms,

Stressed Excess Spread is calculated, on any date, as

- (a) the product of

$$\frac{X + Y}{2}$$

and the aggregate outstanding principal balance of the Term Advances advanced under the Intercompany Loan Agreement less the amount debited to the Funding 1 Principal Deficiency Ledger at such date,

less

- (b) the product of the weighted average interest rate of the outstanding Notes at such date, including any Notes issued on such date (subject to adjustment where the Step-up Date occurs for any Series and Class (or Sub-class) of Notes and taking into account the margins on the Issuer Swaps as at such date and the expenses of the Issuing Entity ranking in priority to payments on such Notes) and the aggregate principal amount outstanding of such Notes at such date

where

X = the weighted average yield on the Loans in the Portfolio at such date, together with New Loans (if any) to be assigned to the Mortgages Trustee on such date (taking into account the margins on the Funding 1 Swaps as at such date)

Y = LIBOR for 3 month sterling deposits plus 1 45 per cent ,

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

Swap Collateral means (i) in respect of an Issuer Swap Agreement, an amount equal to the value of the collateral (other than Excess Swap Collateral) provided by an Issuer Swap Provider to the Issuer in respect of that Issuer Swap Provider's obligations to transfer collateral to the Issuer under the relevant Issuer Swap Agreement, including any interest and distributions in respect thereof, and (ii) in respect of the Funding 1 Swap Agreement, an amount equal to the value of the collateral (other than Excess Swap Collateral) provided by the Funding 1 Swap Provider to Funding 1 in respect of the Funding 1 Swap Provider's obligations to transfer collateral to Funding 1 under the Funding 1 Swap Agreement, including any interest and distributions in respect thereof,

TARGET2 Business Day means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system is open,

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 AAA Advance has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Term AA Advance has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Term A Advance has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Term Advance Interest Amount means the relevant Sterling interest amount payable, in relation to any Term Advance as specified in the relevant Intercompany Loan Confirmation,

Term Advance Rate of Interest means in relation to any Term Advance, the rate of interest payable,

Term Advance Rating means the designated rating of each Term Advance which reflects the rating assigned to the corresponding class of Notes used to fund each such Term Advance on the relevant Closing Date of that Term Advance,

Term Advances has the meaning given in the Issuer Master Definitions and Construction Schedule,

Term A Principal Deficiency Sub-ledger means one of the sub-ledgers of the Principal Deficiency Ledger corresponding to Term A Advances which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Term A Start-up Loan Tranche means a tranche in the sum of the amount specified in the applicable Funding 1 Start-up Loan Tranche Supplement for the purposes of establishing or, as applicable, increasing the amount of the General Reserve Fund which shall be paid into the Funding 1 GIC Account,

Term BBB Advance has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Term BB Advance has the meaning given to that term in the Issuer Master Definitions and Construction Schedule,

Term B Principal Deficiency Sub-ledger means one of the sub-ledgers of the Principal Deficiency Ledger corresponding to Term B Advances which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Term B Start-up Loan Tranche means a tranche in the sum of up to the amount specified in the applicable Funding 1 Start-up Loan Tranche Supplement for the purposes of providing funding for fees, costs and expenses incurred by or on behalf of Funding 1 in connection with its payment to the Mortgages Trustee in respect of the acquisition of or, as applicable, increase in the Funding 1 Share of the Trust Property on such Closing Date, which amount shall be paid into the Funding 1 GIC Account,

Term C Principal Deficiency Sub-ledger means one of the sub-ledgers of the Principal Deficiency Ledger corresponding to Term C Advances which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Term C Start-up Loan Tranche means a tranche in the sum of the amount specified in the applicable Funding 1 Start-up Loan Tranche Supplement for the purposes of establishing or,

as applicable, increasing the amount of the Liquidity Reserve Fund which shall be paid into the Funding 1 GIC Account,

Term D Principal Deficiency Sub-ledger means one of the sub-ledgers of the Principal Deficiency Ledger corresponding to Term D Advances which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Term D Start-up Loan Tranche means a tranche in the sum of the amount specified in the applicable Funding 1 Start-up Loan Tranche Supplement for the purposes of establishing or, as applicable, increasing the amount of the Funding 1 Yield Reserve Fund which shall be paid into the Funding 1 GIC Account,

Term M Principal Deficiency Sub-ledger means one of the sub-ledgers of the Principal Deficiency Ledger corresponding to Term M Advances which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Third Party Amounts includes

- (a) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup that amount itself from the customer's account, or
- (b) recoveries in respect of amounts deducted from Loans which will belong to and be paid to the Seller as described therein,

Third Party Collection Agent has the meaning give to that term in clause 5 1(a)(i) of the Servicing Agreement,

Three Month LIBOR has the meaning given in the Funding 1 Swap Agreement,

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds, land and charge certificates, MHA Documentation 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,

Tracker Loan means a Loan where interest is linked to a variable interest rate other than the Variable Base Rates The rate on Tracker Rate Loans is currently set at a margin by reference to rates set by the Bank of England,

Tracker Spread has the meaning given in the Funding 1 Swap Agreement,

Tracker Swap Rate means a rate linked to the Bank of England repo rate, as shall be determined by the Cash Manager in accordance with the provisions of the Cash Management Agreement,

Transaction Documents means any of the following documents

- (a) the 2010 Deed of Novation,
- (b) the Cash Management Agreement,
- (c) the Controlling Beneficiary Deed,
- (d) the Funding 1 Bank Account Agreement,

- (e) the Funding 1 Corporate Services Agreement,
- (f) the Funding 1 Deed of Charge and each deed of accession thereto,
- (g) the Funding 1 Swap Agreement and any related Funding 1 Swap Guarantee,
- (h) each Intercompany Loan Confirmation,
- (i) the Intercompany Loan Terms and Conditions,
- (j) the Issuer Deed of Charge and each deed of accession thereto,
- (k) the Master Definitions and Construction Schedule,
- (l) the Issuer Bank Account Agreement,
- (m) the Issuer Cash Management Agreement,
- (n) the Issuer Corporate Services Agreement,
- (o) the Issuer Master Definitions and Construction Schedule,
- (p) each Issuer Swap Agreement and any related Issuer Swap Guarantees,
- (q) the Mortgage Sale Agreement,
- (r) the Mortgages Trust Deed,
- (s) the Mortgages Trustee Bank Account Agreement,
- (t) the Mortgages Trustee Corporate Services Agreement,
- (u) the Mortgages Trustee Guaranteed Investment Contract,
- (v) the Novation and Assignment Deed,
- (w) the Post-Enforcement Call Option Holder Corporate Services Agreement,
- (x) the Paying Agent and Agent Bank Agreement,
- (y) each Post-Enforcement Call Option Agreement,
- (z) the Programme Agreement,
- (aa) each Scottish Declaration of Trust,
- (bb) the Servicing Agreement,
- (cc) each Z Loan Agreement,
- (dd) each Start-Up Loan Agreement,
- (ee) each Subscription Agreement,
- (ff) the Note Trust Deed,

- (gg) the PECO Holdings Corporate Services Agreement,
- (hh) the PECO Holdings Corporate Services Agreement,
- (ii) the PECO Holdings Corporate Services Agreement,
- (jj) any Eligible Custody Agreement,
- (kk) the Funding 1 Collateral Security Agreement,
- (ll) any other deeds or agreements of accession or supplemental deeds or documents relating to any such documents and any amended and restated or novated versions of such documents, and
- (mm) any other agreement or document from time to time designated as such by the Issuer and Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee

Transfer Date means the date on which the Part VII Transfer becomes effective,

Trigger Event means an Asset Trigger Event and/or a Non-Asset Trigger Event, as the case may be,

Trust Calculation Date has the meaning given in clause 11.1 of the Mortgages Trust Deed,

Trust Calculation Period has the meaning given in clause 11.1 of the Mortgages Trust Deed,

Trust Property means

- (a) the Initial Trust Property, the Initial Closing Trust Property and any Future Trust Property (together with the proceeds of sale of any of them) including, without limitation, the Mortgage Trustee's whole right, title and beneficial interest in and to all Scottish Trust Property pursuant to any relevant Scottish Declaration of Trust, but excludes any Loans that have been repaid or which have been repurchased by the Seller pursuant to the Mortgage Sale Agreement or other actual adjustments and, for the avoidance of doubt, which are not deemed adjustments to the Trust Property as set out in the Mortgages Trust Deed,
- (b) any increase in the Outstanding Principal Balance of a Loan due to Borrowers making Underpayments or being granted a Further Advance,
- (c) any Revenue Receipts and Principal Receipts on the Loans in the Trust Property,
- (d) any consideration provided to the Mortgages Trustee in the form of Contributions in accordance with clause 4 of the Mortgages Trust Deed, until such Contributions have been applied by the Mortgages Trustee in accordance with the terms of the Mortgages Trust Deed,
- (e) any other amounts received under or in respect of the Loans and their Related Security on or after the relevant Sale Date (excluding Third Party Amounts), including the proceeds of any sale of the Loans and their Related Security and any other proceeds of sale of any other Trust Property,
- (f) rights under the insurance policies that are assigned to the Mortgages Trustee or which the Mortgages Trustee has the benefit of,

- (g) amounts on deposit (and interest earned on those amounts) in the Mortgages Trustee GIC Account,

less

- (h) any actual Losses in relation to Loans and any actual reductions (and for the avoidance of doubt, not deemed reductions) occurring in respect of the Outstanding Principal Balance of the Loans in the circumstances set out in clause 11 2(a) of the Mortgages Trust Deed,
- (i) allocations of Revenue Receipts and Principal Receipts to the Beneficiaries in accordance with clauses 13 and 14, respectively of the Mortgages Trust Deed, and
- (j) Refinancing Distributions and/or Special Distributions made from time to time to the Beneficiaries,

UNCITRAL Implementing Regulations means The Cross-Border Insolvency Regulations 2006 (SI 2006/1030),

Underpayment means a payment made by a Borrower in an amount less than the Monthly Payment then due on the Loan being a sum not exceeding the aggregate of any previous Overpayments,

Underpayments Ledger means the ledger of such name established and maintained by the Cash Manager on behalf of the Mortgages Trustee pursuant to the Cash Management Agreement in order to record Underpayments with respect to the Loans,

Unpermitted Product Switch has the meaning given to such term in the Mortgage Sale Agreement,

United Kingdom means The United Kingdom of Great Britain and Northern Ireland,

United States and U.S. means The United States of America,

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

Unregistered Transfer means a deed of transfer of a Mortgage or Mortgages over Unregistered Land substantially in the form set out in schedule 3 to the Mortgage Sale Agreement,

Valuation Percentage has the meaning given in clause 1 1 of the Funding 1 Collateral Security Agreement,

Valuation Report means the valuation report or reports for mortgage purposes, in the form of the *pro forma* contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller,

Valuer means a Member or Fellow of the Royal Institution of Chartered Surveyors who was at the relevant times either a member of a firm which was on the list of Valuers approved by or on behalf of the Seller from time to time or an Associate or Fellow of the Royal Institute of

Chartered Surveyors employed in-house by the Seller acting for the Seller in respect of the valuation of a Property,

Variable Rate means the rate of interest that applies to the Variable Rate Loans in the Portfolio as set, other than in limited circumstances, by the Servicer,

Variable Rate Loans means those Loans to the extent that and for such period that their Mortgage Terms provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Terms (and shall, for the avoidance of doubt, exclude Loans during the period that they are Fixed Rate Loans or Tracker Loans),

Variable Rate Spread has the meaning given in the Funding 1 Swap Agreement,

Variable Rate Swap SVR has the meaning given in the Funding 1 Swap Agreement,

WAFF means the weighted average foreclosure frequency in respect of the Portfolio (as determined in accordance with the models and assumption provided by each of the Rating Agencies via weblink on a quarterly basis),

WALS means the weighted average loss severity in respect of the Portfolio (as determined in accordance with the models and assumption provided by each of the Rating Agencies via weblink on a quarterly basis),

Weighted Average Current LTV means for the purpose of the Fitch Conditions, the ratio calculated in the manner agreed with Fitch as further described in the Mortgage Sale Agreement,

Weighted Average Current LTV Margin means on any date, the percentage specified as such in the most recent Final Terms,

Weighted Average Funding 1 Share Percentage has the meaning given in clause 11.4 of the Mortgages Trust Deed,

Weighted Average Funding 1 Share (Losses) Percentage has the meaning given in clause 11.4 of the Mortgages Trust Deed,

Weighted Average Funding 1 Share (Principal) Percentage has the meaning given in clause 11.4 of the Mortgages Trust Deed,

Weighted Average Funding 1 Share (Revenue) Percentage has the meaning given in clause 11.4 of the Mortgages Trust Deed,

Weighted Average Further Funding Company Share Percentage of each Further Funding Company will be calculated in the same way as the Weighted Average Funding 1 Share Percentage, except that references to Funding 1 are to be read as references to the relevant Further Funding Company,

Weighted Average Further Funding Company Share (Revenue) Percentage will be calculated in the same way as the Weighted Average Funding 1 Share (Revenue) Percentage, except that references to Funding 1 are to be read as references to the relevant Further Funding Company,

Weighted Average Further Funding Company Share (Principal) Percentage will be calculated in the same way as the Weighted Average Funding 1 Share (Principal) Percentage,

except that references to Funding 1 are to be read as references to the relevant Further Funding Company,

Weighted Average Further Funding Company Share (Losses) Percentage will be calculated in the same way as the Weighted Average Funding 1 Share (Losses) Percentage, except that references to Funding 1 are to be read as references to the relevant further Funding Company,

Weighted Average Income Multiple means for the purpose of the Fitch Conditions, the multiple calculated in the manner agreed with Fitch as further described in the Mortgage Sale Agreement,

Weighted Average Income Multiple Margin means on any date, the percentage specified as such in the most recent Final Terms,

Weighted Average Original LTV means for the purpose of the Fitch Conditions, the ratio calculated in the manner agreed with Fitch as further described in the Mortgage Sale Agreement,

Weighted Average Original LTV Margin means on any date, the percentage specified as such in the most recent Final Terms,

Weighted Average Seller Share (Losses) Percentage has the meaning given in clause 11 9 of the Mortgages Trust Deed,

Weighted Average Seller Share (Principal) Percentage has the meaning given in clause 11 9 of the Mortgages Trust Deed,

Weighted Average Seller Share (Revenue) Percentage has the meaning given in clause 11 9 of the Mortgages Trust Deed,

Weighted Average Seller Share Percentage has the meaning given in clause 11 9 of the Mortgages Trust Deed,

Z Loan Agreement means the agreement entered into on the Restructuring Date between Funding 1, Lloyds as the Z Loan Provider and the Funding 1 Security Trustee (as the same may be amended, restated, varied, novated, replaced supplemented from time to time) or a New Z Loan Agreement,

Z Loan Supplement means the supplement in form set out in Schedule 1 to the Z Loan Agreement or the relevant New Z Loan Agreement containing the final terms of each Z Loan and which is supplemental to and read in conjunction with the relevant Z Loan Agreement or the relevant New Z Loan Agreement (as applicable),

Z Loan Principal Deficiency Sub-Ledger means the sub-ledger of the Principal Deficiency Ledger corresponding to the Z Loans which will be established and maintained pursuant to clause 4 3(b) of the Cash Management Agreement,

Z Loans means each Z loan that the Z Loan Provider will make available to Funding 1 pursuant to Clause 2 of the Z Loan Agreement and each New Z Loan that a New Z Loan Provider will make available to Funding 1 pursuant to a New Z Loan Agreement, and

Z Loan Provider means Lloyds Bank plc or a New Z Loan Provider under the relevant New Z Loan Agreement

2. INTERPRETATION AND CONSTRUCTION

Any reference in any Transaction Document or in any document to which this Master Definitions and Construction Schedule is expressed to be incorporated or apply to

an **affiliate** of any person shall be construed as a reference to the ultimate holding company of that person or an entity of which that person or its ultimate holding company (a) has direct or indirect control or (b) owns directly or indirectly more than fifty per cent (50%) of the share capital or similar rights of ownership,

the **assets** of any person shall be construed as a reference to the whole or any part of its business, undertakings, property, intellectual property, shares, securities, debts, accounts, revenues (including any right to receive revenues), goodwill, shareholdings and uncalled capital including premium whether now or hereafter acquired and any other assets whatsoever,

an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing or registration,

disposal shall be construed as any sale, lease, transfer, conveyance, assignment, assignation, licence, sub-licence or other disposal and **dispose** shall be construed accordingly,

a **guarantee** means any guarantee, bond, indemnity, letter of credit, third party security or other legally binding assurance against financial loss granted by one person in respect of any indebtedness of another person, or any agreement to assume any indebtedness of any other person or to supply funds or to invest in any manner whatsoever in such other person by reason of, or otherwise in relation to, indebtedness of such other person,

indebtedness shall be construed so as to include any obligation (whether incurred as principal or as surety or guarantor) for the payment or repayment of money, whether present or future, actual or contingent,

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a business day, it shall end on the next business day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the preceding business day Provided that, if a period starts on the last business day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last business day in that later month (and references to **months** shall be construed accordingly),

a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation,

Series X-Y or **X-Y** where X is a year and Y is a number, shall be construed as referring to the Yth Series to be issued in year X and any terms that are preceded by "Series X-Y" or "X-Y" shall be construed as a reference to such term in connection with the issuance of such Series (so, for example, "Series 2006-2 Notes" means the Notes in connection with the second Series to be issued in 2006 and "2006-1 Final Terms" means the Final Terms in connection with the first Series to be issued in 2006),

set-off shall be deemed to include analogous rights in other relevant jurisdictions,

VAT means value added tax imposed by the United Kingdom as referred to in the VATA and legislation (whether delegated or otherwise) replacing the same or supplemental thereto and any similar turnover tax replacing or introduced in addition to any of the same,

VATA means Value Added Tax Act 1994,

a **wholly-owned subsidiary** of a company or corporation shall be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries, and

the **winding-up, dissolution or administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, bankruptcy, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors

- 2.1 £, sterling or pounds sterling denotes the lawful currency for the time being of the United Kingdom and € or Euro denotes the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25th March, 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7th February, 1992 and the Treaty of Amsterdam of 2nd October, 1997 establishing the European Community, as further amended from time to time
- 2.2 In this Master Definitions and Construction Schedule and in any of the Transaction Documents in which this Master Definitions and Construction Schedule is expressed to be incorporated or to which this Master Definitions and Construction Schedule is expressed to apply
- (a) words denoting the singular number only shall include the plural number also and vice versa,
 - (b) words denoting one gender only shall include the other genders,
 - (c) words denoting persons only shall include firms and corporations and vice versa,
 - (d) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment,
 - (e) references to any agreement or other document (including any of the Transaction Documents) shall be deemed also to refer to such agreement or document as amended, restated, varied, supplemented, replaced or novated from time to time,
 - (f) clause, paragraph and schedule headings are for ease of reference only,
 - (g) reference to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof,
 - (h) reference to a time of day shall be construed as a reference to London time (unless otherwise specified),

- (i) references to any person shall include references to his successors, transferees and assigns and assignees and any person deriving title under or through him, and
 - (j) any reference to the Funding 1 Security Trustee, Issuer Security Trustee or Note Trustee acting "**reasonably**" or being subject to a test of "**reasonableness**" in the exercise of any of their respective powers, rights or discretions or in the giving of any approval or consent shall be construed so that such reasonableness shall be determined by reference to the interests of the relevant Funding 1 Secured Creditors, (in the case of the Funding 1 Security Trustee), the relevant Issuer Secured Creditors (in the case of the Issuer Security Trustee) or, as the case may be, the Noteholders (in the case of the Note Trustee) and where the Funding 1 Security Trustee, Issuer Security Trustee or, as the case may be, Note Trustee has considered such interests in exercising such powers, rights or discretions or giving such approval or consent, then the Funding 1 Security Trustee, Issuer Security Trustee or, as the case may be, Note Trustee shall have complied with the requirement to act reasonably
- 2 3 Any definition that appears in a Funding 1 Transaction Document that does not appear in this Master Definitions and Construction Schedule shall have the meaning given in the relevant Issuer Master Definitions and Construction Schedule or each Issuer Master Definitions and Construction Schedule, as the context so requires
- 2 4 Terms used in any Transaction Document which incorporates both this Master Definitions and Construction Schedule and an Issuer Master Definitions and Construction Schedule, unless otherwise defined in therein or unless the context otherwise requires, shall, in the event of conflict between this Master Definitions and Construction Schedule and an Issuer Master Definitions and Construction Schedule, be construed in accordance with the relevant Issuer Master Definitions and Construction Schedule
- 2 5 Each party to the Transaction Documents agrees that the Mortgages Trustee shall not be liable to any other party for any loss or damage in respect of each Transaction Document to which it is a party which arises out of the exercise, or the attempted or purported exercise of, or failure to exercise any of its respective powers under each such Transaction Document (other than any loss or damage caused by any breach of the terms of any Transaction Document by it, or wilful default, fraud, negligence or wilful misconduct on its part or the part of its officers, employees or agents)
- 2 6 In addition, each party agrees that it will not petition nor commence proceedings for the administration, winding up or liquidation of the Mortgages Trustee nor participate in any *ex parte* proceedings with regard thereto
- 2 7 In relation to all acts and matters done or performed or obtained prior to the Transfer Date, each of the seller, the Funding 1 swap provider, the Funding 1 start-up loan provider and the start-up loan provider under this Agreement was Cheltenham & Gloucester plc and the beneficiaries under this Agreement were Funding 1 and Cheltenham & Gloucester plc. However, as of the date hereof, all acts and matters done or performed or obtained by, or on behalf of, Cheltenham & Gloucester plc prior to the Transfer Date as set out in this Agreement or in accordance with this Agreement (except in its capacities as Servicer and Cash Manager) shall be deemed to have been done or performed or obtained by, or on behalf of, Lloyds Bank plc and this Agreement shall be construed accordingly

SCHEDULE 2

NOTICES

Delivery

Any notices to be given pursuant to this Master Definitions and Construction Schedule or any Transaction Document shall be sufficiently served if delivered by hand or sent by prepaid first class post or by facsimile transmission to the address or facsimile number specified below or such other address or facsimile number of which notice in writing has been given to the other parties in accordance with the provisions of this Schedule 2

Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by post, three days in the case of inland post or seven days in the case of overseas post after despatch, and, in the case of telex or facsimile, 24 hours after the time of despatch, provided that, in the case of a notice given by telex or facsimile transmission, such notice shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice given by telex or facsimile. Any notice and any other document given or provided in connection with an Issuer Transaction Document must be in English

- | | | | |
|-----|--|--|------------------|
| (a) | in the case of the Funding 1 to | Facsimile No | +44 20 7439 8940 |
| | | For the attention of
Secretary | The Company |
| | Arkle Funding (No.1) Limited
2nd Floor, Pollen House
10 Cork Street
London W1S 3NP | | |
| (b) | in the case of the Issuer to | Facsimile No | +44 20 7439 8940 |
| | | For the attention of
Secretary | The Company |
| | Arkle Master Issuer PLC
2nd Floor, Pollen House
10 Cork Street
London W1S 3NP | | |
| (c) | in the case of the Mortgages Trustee to | Facsimile No | +44 20 7439 |
| | | For the attention of
Secretary | The Company |
| | Arkle Finance Trustee Limited
13 Castle Street
St Helier
Jersey JE4 5UT | | |
| (d) | in the case of the Funding 1 Security Trustee
to | Facsimile No | +44 20 7962 2509 |
| | | For the attention of
Administration Manager | Trustee |

- The Bank of New York Mellon**
40th Floor
One Canada Square
London E14 5AL
- (e) in the case of the Issuer Security Trustee to Facsimile No +44 20 7962 2509
For the attention of Trustee
Administration Manager
- The Bank of New York Mellon**
40th Floor
One Canada Square
London E14 5AL
- (f) in the case of the Agent Bank to Facsimile No +44 20 7964 2533
For the attention of Corporate Trust
Administration
- The Bank of New York Mellon**
40th Floor
One Canada Square
London E14 5AL
- (g) in the case of the Cash Manager to Facsimile No +44 (0) 1452 373 762
For the attention of Finance Senior
Manager, Securitisation
- Lloyds Bank plc**
c/o Mortgage Securitisation
PO Box,
81 Pendeford Business Park
Wobaston Road,
Wolverhampton WV9 5HZ
- (h) in the case of the Seller to Facsimile No +44 (0) 1452 373 762
For the attention of Finance Senior
Manager, Securitisation
- Lloyds Bank plc**
c/o Mortgage Securitisation
PO Box,
81 Pendeford Business Park
Wobaston Road,
Wolverhampton WV9 5HZ
- (i) in the case of the Funding 1 Swap Provider to Facsimile No +44 (0) 1452 373 762
For the attention of Finance Senior
Manager, Securitisation
- Lloyds Bank plc**

c/o Mortgage Securitisation
 PO Box,
 81 Pendeford Business Park
 Wobaston Road,
 Wolverhampton WV9 5HZ

- (j) in the case of the Funding 1 Start-up Loan Provider to
- Facsimile No +44 (0) 1452 373 762
- For the attention of Finance Senior Manager, Securitisation

Lloyds Bank plc
c/o Mortgage Securitisation
 PO Box,
 81 Pendeford Business Park
 Wobaston Road,
 Wolverhampton WV9 5HZ

- (k) in the case of the Z Loan Provider to
- Facsimile No +44 (0) 1452 373 762
- For the attention of Finance Senior Manager, Securitisation

Lloyds Bank plc
c/o Mortgage Securitisation
 PO Box,
 81 Pendeford Business Park
 Wobaston Road,
 Wolverhampton WV9 5HZ

- (l) in the case of the Mortgages Trustee Account Bank to
- Facsimile No +44 (0) 20 7158 3247
- For the attention of Co-Head of Retail Secured Structured Securitisation
- Lloyds Bank plc**
 10 Gresham Street
 London EC2V 7AE

- (m) in the case of the Funding 1 Account Bank to
- Facsimile No +44 (0) 20 7158 3247
- For the attention of Co-Head of Retail Secured Structured Securitisation
- Lloyds Bank plc**
 10 Gresham Street
 London EC2V 7AE

- (n) in the case of the Funding 1 Corporate Services Provider to
- Facsimile No +44 20 7439 8940
- For the attention of The Company

		Secretary	
	Sanne Group (UK) Limited 2nd Floor, Pollen House, 10 Cork Street London W1S 3NP		
(o)	in the case of the Holdings Corporate Services Provider to	Facsimile No	+44 20 7439 8940
	Sanne Group (UK) Limited 2nd Floor, Pollen House, 10 Cork Street London W1S 3NP	For the attention of Secretary	The Company
(p)	in the case of the S&P to	Facsimile No	+020 7176 3598
	Standard & Poor's McGraw-Hill Companies 20 Canada Square 11 th Floor London E14 5LH	For the attention of	Sean Hannigan
(q)	in the case of the Fitch to	Facsimile No	+44 (0) 20 7664 0052
	Fitch Ratings Limited 101 Finsbury Pavement London EC2A 1RS	For the attention of	Alison Ho, Performance Analytics, European Structured Finance
(r)	in the case of the Moody's to	Facsimile No	+44 207 772 5400
	Moody's Investors Service Limited One Canada Square Canary Wharf London E14 5FA	For the attention of	-Asset Backed Finance

SCHEDULE 3

ACCESSION AGREEMENT

To The Parties to the Master Definitions and Construction Schedule
From [NEW PARTY]

Date []]

Master Definitions and Construction Schedule dated 11 December 2014

(the Master Definitions and Construction Schedule)

We refer to Clause 2 (Accession) of the Master Definitions and Construction Schedule

We, [name of company] of [Registered Office] (Registered no []) agree to become a Party to the Master Definitions and Construction Schedule and to be bound by the terms of the Master Definitions and Construction Schedule in accordance with Clause 2 (Accession) of that agreement

This Accession Agreement is entered into by way of deed and is governed by English law

[EXECUTED as a DEED by)	
)	
[NEW PARTY])	Director
)	
acting by [NAME of)	
)	
DIRECTOR] and [NAME of)	
)	
DIRECTOR/SECRETARY]])	Director/Secretary

SIGNATORIES

Mortgages Trustee

SIGNED by)
)
 Authorised Signatory for and on behalf of)
 ARKLE FINANCE TRUSTEE LIMITED)

Funding 1

SIGNED by)
)
 for and on behalf of)
 ARKLE FUNDING (NO.1) LIMITED)

Issuer

SIGNED by)
 for and on behalf of)
 ARKLE MASTER ISSUER PLC)

Funding 1 Security Trustee

SIGNED for and on behalf of)
 THE BANK OF NEW YORK MELLON)
 By)

Name

Issuer Security Trustee

SIGNED for and on behalf of)
 THE BANK OF NEW YORK MELLON)
 By

Name

Agent Bank

SIGNED by)
Authorised Signatory for and on behalf of)
THE BANK OF NEW YORK MELLON)
By

Name

**Funding 1 Corporate Services Provider, the PECO
Corporate Services Provider, the PECO Holder
Corporate Services Provider, the Holdings
Corporate Services Provider and the Issuer
Corporate Services Provider**

SIGNED by)
for and on behalf of)
SANNE GROUP (UK) LIMITED)

Lloyds Bank

SIGNED by)
Authorised Signatory for and on behalf of)
LLOYDS BANK PLC)

EXECUTION VERSION

SUPPLEMENTAL FUNDING 1 DEED OF CHARGE

DATED 11 DECEMBER 2014

BETWEEN

ARKLE FUNDING (NO.1) LIMITED
as Funding 1

ARKLE MASTER ISSUER PLC
as Issuer

ARKLE FINANCE TRUSTEE LIMITED
as Mortgages Trustee

LLOYDS BANK PLC
as Seller, Servicer, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider, Funding 1
Start-up Loan Provider and Z Loan Provider

THE BANK OF NEW YORK MELLON
as Funding 1 Security Trustee and Issuer Security Trustee

SANNE GROUP (UK) LIMITED
as Funding 1 Corporate Services Provider and Holdings Corporate Services Provider

ALLEN & OVERY

Allen & Overy LLP

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THIS SUPPLEMENTAL FUNDING 1 DEED OF CHARGE (this Deed) is made on 11 December 2014

BETWEEN:

- (1) **ARKLE FUNDING (NO.1) LIMITED**, a company incorporated in England and Wales with limited liability (registered number 05941595) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**Funding 1**),
- (2) **ARKLE MASTER ISSUER PLC**, a company incorporated in England and Wales with limited liability (registered number 05941709) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**the Issuer**),
- (3) **ARKLE FINANCE TRUSTEE LIMITED**, a company incorporated in Jersey with limited liability (registered number 94604) and having its registered office at 13 Castle Street, St Helier, Jersey JE4 5UT, Channel Islands (**the Mortgages Trustee**),
- (4) **LLOYDS BANK PLC** (registered number 00002065), a public limited company incorporated under the laws of England and Wales acting through its office at 10 Gresham Street, London EC2V 7AE (with respect to the Funding 1 GIC Account and the Funding 1 Collateralised GIC Account) and through its branch at Bailey Drive, Gillingham, Kent, ME8 0LS (with respect to the other Funding 1 Bank Accounts) (in its capacities as the **Seller**, the **Servicer**, the **Cash Manager**, the **Funding 1 Account Bank**, the **Funding 1 Swap Provider**, the **Funding 1 Start-up Loan Provider** and the **Z Loan Provider**),
- (5) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at 40th Floor, One Canada Square, London E14 5AL (acting in its capacities as **Funding 1 Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under this Deed) and **Issuer Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under the Issuer Deed of Charge)), and
- (6) **SANNE GROUP (UK) LIMITED** (registered number 05918184), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**the Funding 1 Corporate Services Provider** and the **Holdings Corporate Services Provider**)

WHEREAS:

- (A) This Deed is supplemental to the Funding 1 Deed of Charge made between the parties hereto and dated the Initial Closing Date, as amended, varied or supplemented from time to time (herein after referred to as the **Existing Funding 1 Deed of Charge**)
- (B) The parties hereto agree (and the Note Trustee has been directed pursuant to an Extraordinary Resolution to direct the Issuer Security Trustee who in turn has been directed to direct the Funding 1 Security Trustee to agree) to supplement the terms of the Existing Funding 1 Deed of Charge as set out herein. This Deed supplements the Existing Funding 1 Deed of Charge as of its date (**the Effective Date**)

NOW THIS DEED WITNESSES as follows

1. INTERPRETATION

- 1 1 The amended and restated master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 14 December 2006 (as further amended and restated on 30 April 2010 and as further amended and restated on 12 October 2010, 11 July 2011 and on 11 December 2014 and as the same may be amended, varied or supplemented from time to time with the consent of the parties to this Deed) (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 thereto

2. AMENDMENT TO CLAUSE 3.4 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by (i) the removal of “and” at the end of Clause 3 4(b), (ii) the replacement of the “ ” with a “ , and” at the end of Clause 3 4(c), and (iii) the addition of a new sub-clause (d) at the end of Clause 3 4

“(d) any security provided for such Funding 1 Bank Accounts including the benefit of any Funding 1 Collateral Security Agreement ”

3. AMENDMENT TO CLAUSE 4.5 OF THE FUNDING 1 DEED OF CHARGE

(a) The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 4 5(b) in its entirety with the following text

“(b) If Lloyds Bank has entered into an Eligible Custody Agreement with an Eligible GIC Custodian in accordance with Clause 4 9 of the Cash Management Agreement and pursuant to the Funding 1 Collateral Security Agreement, then the Eligible GIC Custodian shall be entitled to be a Funding 1 Secured Creditor Each Funding 1 Secured Creditor agrees that any amounts due to the Eligible GIC Custodian or any agent, delegate or sub-delegate of the Eligible GIC Custodian shall be paid *pro rata* and *pari passu* with amounts due to the Funding 1 Account Bank in accordance with the Funding 1 Priority of Payments Each Funding 1 Secured Creditor agrees to enter into an Accession Deed in order for the Eligible GIC Custodian to become a Funding 1 Secured Creditor ”

(b) The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by adding the following text as a new Clause 4 5(c)

“(c) If an Eligible Bank has acceded to the Funding 1 Bank Account Agreement as Agent Account Bank and as Funding 1 Account Bank in respect of a Funding 1 Eligible Bank GIC Account or entered into a bank account agreement pursuant to the Funding 1 Bank Account Agreement with Funding 1 then the Agent Account Bank shall be entitled to be a Funding 1 Secured Creditor Each Funding 1 Secured Creditor agrees that any amounts due to the Agent Account Bank shall be paid *pro rata* and *pari passu* with amounts due to the Funding 1 Account Bank in accordance with the Funding 1 Priority of Payments Each Funding 1 Secured Creditor agrees to enter into an Accession Deed in order for the Agent Account Bank to become a Funding 1 Secured Creditor ”

4. AMENDMENT TO CLAUSE 6.2 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 6 2 in its entirety with the following text

“6.2 Funding 1 Bank Accounts

Funding 1 shall at all times during the Funding 1 Security Period

- (a) save as otherwise provided in the Funding 1 Transaction Documents or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require) procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Available Principal Receipts to Funding 1 under the Mortgages Trust Deed is paid into the Funding 1 GIC Account, the Funding 1 Eligible Bank GIC Account or, with respect to Funding 1 Deposit Non-Reserved Amounts only, the Funding 1 Collateralised GIC Account, and
- (b) save as otherwise provided in the Funding 1 Transaction Documents or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Term Advance which are to be applied in or towards repayment of another Term Advance are, pending such repayment, deposited in the Funding 1 GIC Account, the Funding 1 Eligible Bank GIC Account or, with respect to Funding 1 Deposit Non-Reserved Amounts only, the Funding 1 Collateralised GIC Account ”

5. AMENDMENT TO CLAUSE 6.3 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 6 3(a) in its entirety with the following text

- “(a) Prior to the service of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, will transfer funds representing Funding 1 Available Revenue Receipts standing to the credit of
 - (i) the Funding 1 GIC Account or any Funding 1 Eligible Bank GIC Account to the Funding 1 Transaction Account on each Funding 1 Payment Date (or any other date in respect of payments to be made from the Funding 1 Transaction Account to satisfy a liability of the type described in item (a)(iii) of the Funding 1 Pre-Enforcement Revenue Priority of Payments if those payments are due on that date) to be applied in accordance with the terms of the Funding 1 Pre-Enforcement Revenue Priority of Payments, and
 - (ii) the Funding 1 Collateralised GIC Account to the Funding 1 GIC Account no later than 7 Business Days prior to each Funding 1 Payment Date (or no later than 7 Business Days prior to any other date in respect of payments to be made from the Funding 1 GIC Account to the Funding 1 Transaction Account to satisfy a liability of the type described in item (a)(iii) of the Funding 1 Pre-Enforcement Revenue Priority of Payments if those payments are due on that date) to be transferred and applied as set forth in sub-clause (i) above ”

6. AMENDMENT TO CLAUSE 6.4 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 6 4(a) in its entirety with the following text

- “(a) Prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, will transfer funds representing Funding 1 Available Principal Receipts standing to the credit of
 - (i) the Funding 1 GIC Account or any Funding 1 Eligible Bank GIC Account to the Funding 1 Transaction Account on each Funding 1 Payment Date to be applied in

accordance with the terms of the Cash Management Agreement and the applicable Funding 1 Pre-Enforcement Principal Priority of Payments, as set out in Part 2 of Schedule 2 to this Deed, and

- (ii) the Funding 1 Collateralised GIC Account to the Funding 1 GIC Account no later than 7 Business Days prior to each Funding 1 Payment Date to be transferred and applied as set forth in sub-clause (i) above ”

7. AMENDMENT TO CLAUSE 6.5 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 6 5(a) in its entirety with the following text

- “(a) Notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, may withdraw amounts standing to the credit of Funding 1 Bank Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Account Agreement and the Cash Management Agreement and, with respect to amounts in the Funding 1 Eligible Bank GIC Account, the Panel Bank Guidelines All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 GIC Account, the Funding 1 Collateralised GIC Account or the Funding 1 Eligible Bank GIC Account, as applicable ”

8. AMENDMENTS TO CLAUSE 7 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by adding the following text as a new Clause 7(b)

- “(b) Upon any enforcement of the Funding 1 Collateral Security Agreement following a Funding 1 Collateralised GIC Enforcement Event, the proceeds of any realisation of enforcement over any Eligible Collateral will be applied in accordance with the provisions of the Funding 1 Collateral Security Agreement and the Cash Management Agreement ”,

and renumbering the existing Clause 7(b) as Clause 7(c)

9. AMENDMENTS TO CLAUSE 12.1 OF THE FUNDING 1 DEED OF CHARGE

- (a) The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by the replacement of “, and/or” at the end of sub-clause 12 1(b)(ix) with a “,” and the addition of the following new sub-clauses 12 1(b)(x), (xi), (xii) and (xiii)

- “(x) the entry by Funding 1 into a Funding 1 Account Bank Agreement with an Agent Account Bank and the corresponding opening of Funding 1 Eligible Bank GIC Accounts,
- (xi) the entry by Funding 1 into the Funding 1 Collateral Security Agreement and any Eligible Custody Agreement,
- (xii) the accession of a New Seller to the Programme, the inclusion of a New Seller as a beneficiary of the Mortgages Trust, the entry into a New Mortgage Sale Agreement by a New Seller, the Beneficiaries and the Funding 1 Security Trustee, the assignment of Halifax Loans and their Related Security to the Mortgages Trustee, any amendments to the Lending Criteria and/or any amendments to the Loan Warranties required to include Halifax Loans in the Portfolio, and/or

- (xiii) any amendment to the Transaction Documents for the purposes of enabling new or existing credit enhancement (such as subordinated loans, uncommitted sterling loan facility or similar arrangement) and any other facilities in each case to support cash balances maintained in accounts with account banks whose ratings do not meet current rating agency requirements. Under such arrangements advances may be made pursuant to the Intercompany Loan Agreement to make a Contribution to the Mortgages Trust thereby increasing the Seller Share. The repayment of such loan facility or similar arrangement will be subordinated to payments of interest and principal when due on the Notes which have received a rating from a Rating Agency and any related Issuer Swap Agreements (other than payments in respect of any Issuer Swap Excluded Termination Amount) provided that such loan facility or similar arrangement may be repaid at any time through a Refinancing Contribution pursuant to the terms of the relevant Transaction Documents.”
- (b) The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by adding the following text as a new Clause 12 1(c)(iii)
 - “(c)(iii) in respect of the matters set out in paragraphs (b)(x) to (b)(xiii) inclusive, the Funding 1 Security Trustee (x) has received written confirmation (i) from each of the Rating Agencies that the relevant modification, authorisation, waiver and/or consent will not result in a reduction, qualification or withdrawal of the current ratings of the Notes and (ii) from Funding 1 that no Basic Terms Modification shall result, (y) shall not be obliged to give its consent where, in the opinion of the Funding 1 Security Trustee, to do so would result in the imposition of an increase in its obligations or duties, or a decrease in its rights or protections, and (z) shall comply with the amendments described in the certification and shall not have any liability to any person for so acting.”

10. AMENDMENTS TO CLAUSE 14 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by adding the following text as a new Clause 14(aa)

- “(aa) The Funding 1 Security Trustee shall not be liable for any decisions of the Cash Manager in relation to the Funding 1 Eligible Bank GIC Account, the Funding 1 Collateralised GIC Account, the Eligible Custody Agreement or the Funding 1 Collateral Security Agreement. The Funding 1 Security Trustee shall accept without enquiry that the conditions required to open any of these accounts and the entry into of any related agreements including any Eligible Custody Agreement or the Funding 1 Collateral Security Agreement, are satisfied and it shall not otherwise monitor that any of the conditions to opening or entry are satisfied. The Funding 1 Security Trustee shall not be obliged to give its consent or otherwise act in relation to these accounts and agreements where, in the opinion of the Funding 1 Security Trustee, to do so would result in the imposition of an increase in its obligations or duties, or decrease in its rights or protections.”

11. AMENDMENTS TO CLAUSE 35.3 OF THE FUNDING 1 DEED OF CHARGE

The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by replacing the existing Clause 35.3 in its entirety with the following text

“35.3 Service of process

The Mortgages Trustee confirms that it has irrevocably and unconditionally appointed Sanne Group (UK) Limited of 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP or otherwise at its registered office for the time being as its agent for service of process in England in respect of any

proceedings in respect of this Deed and undertakes that in the event of Sanne Group (UK) Limited ceasing so to act it will appoint another person with a registered office in London as its agent for service of process ”

12. AMENDMENT TO SCHEDULE 2 (FUNDING 1 PRIORITY OF PAYMENTS) OF THE FUNDING 1 DEED OF CHARGE

12 1 The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by

(a) replacing the existing paragraph 2(b)(ii) of Part 1 (Funding 1 Pre-Enforcement Revenue Priority of Payments) of Schedule 2 (Funding 1 Priority of Payments) with the following text

“(ii) towards payment of amounts, if any, due and payable to the Eligible GIC Custodian or any agent, delegate or sub-delegate of the Eligible GIC Custodian under the terms of and in respect of the Eligible Custody Agreement,” and

(b) by adding the following text as a new paragraph 2(b)(iv) to Part 1 (Funding 1 Pre-Enforcement Revenue Priority of Payments) of Schedule 2 (Funding 1 Priority of Payments) and

“(iv) towards payment of amounts, if any, due and payable to an Agent Account Bank if appointed pursuant to the terms of the Funding 1 Bank Account Agreement,”

12 2 The Existing Funding 1 Deed of Charge shall be modified on and from the Effective Date by

(a) replacing the existing paragraph (b)(ii) of Part 3 (Funding 1 Post-Enforcement Priority of Payments) of Schedule 2 (Funding 1 Priority of Payments) with the following text

“(ii) towards payment of amounts (if any) due and payable to the Eligible GIC Custodian or any agent, delegate or sub-delegate of the Eligible GIC Custodian under the terms of and in respect of the Eligible Custody Agreement”, and

(b) by adding the following text as a new paragraph (b)(v) to Part 3 (Funding 1 Post-Enforcement Priority of Payments) of Schedule 2 (Funding 1 Priority of Payments)

“(iv) towards payment of amounts (if any) due and payable to an Agent Account Bank if appointed pursuant to the terms of the Funding 1 Bank Account Agreement,”

13. FORM OF FUNDING 1 DEED OF CHARGE

Further to the supplemental provisions made hereunder and for information purposes only, the form of the Existing Funding 1 Deed of Charge as amended hereby is set out in Annex 1 showing all changed provisions

14. NOTICES

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Clause 31 (Notices) of the Funding 1 Deed of Charge or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing

15. COUNTERPARTS

This Deed may be signed (manually or by facsimile) and delivered in more than one counterpart all of which, taken together, shall constitute one and the same Deed

16. THIRD PARTY RIGHTS

This Deed does not create any right under the Contracts (Rights of Third Parties) Act 1999 which is enforceable by any person who is not a party to this Deed

17. CHOICE OF LAW

This Deed, and any non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with English law

18. 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 arising out of or 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

DULY EXECUTED AND DELIVERED AS A DEED by each of the parties hereto or on its behalf on the date appearing on page 1

THIS DEED has been executed as a deed by each of the Parties and delivered on the date stated at the beginning of this Deed

SIGNATORIES

Funding 1

EXECUTED and DELIVERED as a DEED by)
ARKLE FUNDING (NO. 1))
LIMITED acting by)
Director)
)

in the presence of

Witness's Signature

Witness's Name

Address

Issuer

EXECUTED and DELIVERED as a DEED by)
ARKLE MASTER ISSUER)
PLC acting by)
Director)
)

in the presence of

Witness's Signature

Witness's Name

Address

Mortgages Trustee

EXECUTED and DELIVERED as a DEED by)
ARKLE FINANCE TRUSTEE)
LIMITED, a company incorporated in Jersey,)
Channel Islands, by)
being a person who, in)
Accordance with the laws of that territory is acting)
under the authority of the company,)
in the presence of)

Witness's Signature

Witness Name

Witness Address

Funding 1 Account Bank

EXECUTED and DELIVERED as a **DEED** by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)
)

Witness's Signature

Name

Address

Seller

EXECUTED and DELIVERED as a **DEED** by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)
)

Witness's Signature

Name

Address

Cash Manager

EXECUTED and DELIVERED as a **DEED** by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)
)

Witness's Signature

Name

Address

Servicer

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1 Swap Provider
EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Start-up Loan Provider

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Z Loan Provider

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1 Security Trustee

EXECUTED and DELIVERED as a DEED by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Name

Issuer Security Trustee

EXECUTED and DELIVERED as a DEED by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Name

Funding 1 Corporate Services Provider

EXECUTED and DELIVERED as a DEED by)
SANNE GROUP (UK) LIMITED)
acting by a Director)
in the presence of)

Witness's Signature

Witness's Name

Address

Holdings Corporate Services Provider

EXECUTED and DELIVERED as a DEED by)
SANNE GROUP (UK) LIMITED)
acting by a Director)

in the presence of

Witness's Signature

Witness's Name

Address

AMENDED AND RESTATED FUNDING 1 DEED OF CHARGE

11 DECEMBER 2014

BETWEEN

ARKLE FUNDING (NO.1) LIMITED
as Funding 1

ARKLE MASTER ISSUER PLC
as Issuer

ARKLE FINANCE TRUSTEE LIMITED
as Mortgages Trustee

LLOYDS BANK PLC
as Seller, Servicer, Cash Manager, Funding 1 Account Bank, Funding 1 Swap Provider, Funding 1
Start-up Loan Provider and Z Loan Provider

THE BANK OF NEW YORK MELLON
as Funding 1 Security Trustee and Issuer Security Trustee

SANNE GROUP (UK) LIMITED
as Funding 1 Corporate Services Provider and Holdings Corporate Services Provider

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THIS AMENDED AND RESTATED DEED is dated 11 December 2014

- (1) **ARKLE FUNDING (NO.1) LIMITED**, a company incorporated in England and Wales with limited liability (registered number 05941595) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**Funding 1**),
- (2) **ARKLE MASTER ISSUER PLC**, a company incorporated in England and Wales with limited liability (registered number 05941709) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (the **Issuer**),
- (3) **ARKLE FINANCE TRUSTEE LIMITED**, a company incorporated in Jersey with limited liability (registered number 94604) and having its registered office at 13 Castle Street, St Helier, Jersey JE4 5UT, Channel Islands (the **Mortgages Trustee**),
- (4) **LLOYDS BANK PLC** (registered number 00002065), a public limited company incorporated under the laws of England and Wales acting through its office at 10 Gresham Street, London EC2V 7AE (with respect to the Funding 1 GIC Account) and through its branch at Bailey Drive, Gillingham, Kent, ME8 0LS (with respect to the other Funding 1 Bank Accounts) (in its capacities as the **Seller**, the **Servicer**, the **Cash Manager**, the **Funding 1 Account Bank**, the **Funding 1 Swap Provider**, the **Funding 1 Start-up Loan Provider** and the **Z Loan Provider**),
- (5) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at 40th Floor, One Canada Square, London E14 5AL (acting in its capacities as **Funding 1 Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under this Deed) and **Issuer Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under the Issuer Deed of Charge)), and
- (6) **SANNE GROUP (UK) LIMITED** (registered number 05918184), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (the **Funding 1 Corporate Services Provider** and the **Holdings Corporate Services Provider**)

BACKGROUND

- (A) Pursuant to the terms of the Intercompany Loan Agreement dated 6 November 2006 and the Intercompany Loan Agreement dated of even date herewith, the Issuer has made available and has agreed to make available from time to time Term Advances to Funding 1
- (B) The Cash Manager has agreed to provide certain cash management services to Funding 1 on the terms set out in the Cash Management Agreement
- (C) The Servicer has agreed to service the Loans on the terms set out in the Servicing Agreement
- (D) The Funding 1 Account Bank has agreed to provide certain banking services to Funding 1 on the terms set out in the Funding 1 Bank Account Agreement
- (E) The Funding 1 Swap Provider has agreed to provide the Funding 1 Swap to Funding 1 on the terms set out in the Funding 1 Swap Agreement as may be amended and restated from time to time
- (F) The Funding 1 Corporate Services Provider has agreed to provide certain corporate services to Funding 1 on the terms set out in the Funding 1 Corporate Services Agreement and the Holdings

Corporate Services Provider has agreed to provide certain corporate services to Holdings (the parent company of Funding 1) on the terms set out in the Holdings Corporate Services Agreement

- (G) The Z Loan Provider has agreed to make available the Z Loans from time to time to Funding 1 on the terms set out in the Z Loan Agreement
- (H) The Funding 1 Start-Up Loan Provider has agreed to make available the Funding 1 Start-Up Loans from time to time to Funding 1 on the terms set out in the Funding 1 Start-Up Loan Agreement
- (I) Funding 1 has agreed to provide security in respect of Funding 1's obligations under the Funding 1 Transaction Documents to which it is a party, subject to and in accordance with the terms thereof and hereof
- (J) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in this Deed to secure Funding 1's obligations under the Funding 1 Transaction Documents, upon and subject to the terms hereof. The Funding 1 Security Trustee shall hold such security on trust for the benefit of the Funding 1 Secured Creditors
- (K) Pursuant to a novation and assignment deed between, *inter alios*, the parties hereto and dated 12 October 2010 (the **2010 Novation and Assignment Deed**), Cheltenham & Gloucester plc (in its former capacities as the Servicer and the Cash Manager) novated to Lloyds Bank plc (in its capacities as the Servicer and the Cash Manager) all of its rights and obligations under this Deed
- (L) The parties to the Funding 1 Deed of Charge have agreed to amend and restate the terms of the Funding 1 Deed of Charge as set out herein

IT IS AGREED as follows

1. INTERPRETATION

1.1 Construction

- (a) The amended and restated master definitions and construction schedule signed by, amongst others, the parties to this Deed and dated 14 December 2006 (as further amended and restated on 30 April 2010 and as further amended and restated on 12 October 2010, 11 July 2011 and on 11 December 2014 and as the same may be amended, varied or supplemented from time to time with the consent of the parties to this Deed) (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 thereto
- (b) This Deed will be construed in accordance with the rules of construction set out in Part 2 of Schedule 1 of the Master Definitions and Construction Schedule
- (c) If there is any conflict between the provisions of the Master Definitions and Construction Schedule and the provisions of this Deed, the provisions of this Deed will prevail
- (d) The term **this Deed** means this Deed and any deed executed in accordance with, or expressed to be supplemental to, this Deed
- (e) Any covenant of Funding 1 under this Deed (other than a payment obligation) shall remain in force during Funding 1 Security Period

- (f) The terms of the other Transaction Documents are incorporated in this Deed to the extent required to give effect thereto and/or to ensure that any purported disposition contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989
- (g) Unless the context otherwise requires, a reference to a Funding 1 Charged Asset includes the proceeds of sale of that Funding 1 Charged Asset
- (h) Unless the context otherwise requires, the term **all of its assets** includes, with respect to the relevant entity, all of its undertaking and all of its property, assets and rights whatsoever and wheresoever present and future
- (i) The term **full title guarantee** will be construed in accordance with the LP (MP) Act but so that the covenants implied by the LP (MP) Act in respect of Funding 1 Security do not include
 - (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) of the LP (MP) Act, and
 - (ii) section 6(2) of the LP (MP) Act

1.2 Amendment and Restatement

This Deed is an amendment and restatement of the Funding 1 Deed of Charge made on 6 November 2006 (as further amended and restated on 14 December 2006, 31 May 2007, 30 April 2010, 12 October 2010 and 11 July 2011) (the **Principal Deed**) and is being amended in connection with the other amendments to the Transaction Documents being made on the date of this Deed. Save as amended or modified by this Deed, the Principal Deed shall continue in full force and effect but on the basis that its terms are, as from the date of this Deed, those set out in this Deed.

The parties hereto acknowledge and agree that the amendment and restatement of this Deed is without prejudice to the security created pursuant to the Principal Deed and Funding 1 confirms that the security given by it under the Principal Deed will continue in full force and effect and will extend to Funding 1's liabilities and obligations to the Z Loan Provider under the Z Loans.

2. SECURITY TRUST

2.1 Declaration of Trust

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee holds all of the covenants, undertakings, Security Interests and other rights and benefits made or given under this Deed and the other Funding 1 Transaction Documents on trust for itself and the other Funding 1 Secured Creditors upon and subject to the terms and conditions of this Deed.
- (b) After service of an Intercompany Loan Acceleration Notice pursuant to the Intercompany Loan Agreement or the Term Advances otherwise becoming due and payable in full, the Funding 1 Security Trustee will hold all Security Interests over or in respect of principal amounts standing to the credit of the Funding 1 Swap Collateral Cash Account (if any) on trust for the Funding 1 Swap Provider in respect of the obligation of Funding 1 to pay such amounts to the Funding 1 Swap Provider (being one of the Funding 1 Secured Liabilities), upon and subject to the terms and conditions of this Deed.

3. CREATION OF FUNDING 1 SECURITY

3.1 General

- (a) All the Funding 1 Security
 - (i) is created in favour of the Funding 1 Security Trustee for itself and as trustee on behalf of the other Funding 1 Secured Creditors,
 - (ii) is created over the present and future assets of Funding 1,
 - (iii) is security for the payment or discharge of the Funding 1 Secured Liabilities, and
 - (iv) is made with full title guarantee (or, in relation to any rights or assets situated in Scotland or otherwise governed by Scots law, with absolute warrandice)
- (b) The term **all of its rights** as used in this Clause 3 includes, 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), all rights to serve notices and/or to make demands 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 respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the relevant Funding 1 Charged Asset

3.2 Trust Property

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of the Funding 1 Share of the Trust Property (including, without limitation, the Scottish Trust Property, present and future, comprised in the Trust Property)

3.3 Contracts

Funding 1 assigns by way of first fixed security (or, to the extent not assignable, charges by way of a first fixed charge) all of its rights in respect of the Funding 1 Charged Documents

3.4 Funding 1 Bank Accounts

Funding 1 charges by way of a first fixed charge all of its rights in respect of

- (a) any amount standing from time to time to the credit of Funding 1 Bank Accounts,
- (b) all interest paid or payable in relation to those amounts,
- (c) all debts represented by those amounts, and

- (d) any security provided for such Funding 1 Bank Accounts including the benefit of any Funding 1 Collateral Security Agreement

3.5 Authorised Investments

Funding 1 charges by way of a first fixed charge all of its rights in respect of

- (a) the Authorised Investments made or purchased from time to time by or on behalf of Funding 1 (whether owned by it or held by any nominee on its behalf) using moneys standing to the credit of Funding 1 Bank Accounts, and
- (b) all interest, moneys and proceeds paid or payable in relation to those Authorised Investments

3.6 Miscellaneous

Funding 1 charges by way of a first fixed charge all of its rights in respect of

- (a) the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Funding 1 Charged Asset, and
- (b) any compensation which may be payable to it in respect of those authorisations

3.7 Floating charge

- (a) Funding 1 charges by way of a first floating charge all of its assets (including, without limitation, its uncalled capital) other than any assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under this Clause 3 (but excepting from the foregoing exclusion all of Funding 1's undertaking, property and assets situated in Scotland or the rights to which are governed by Scots law, all of which are charged by the floating charge hereby created)
- (b) Except as provided below, the Funding 1 Security Trustee may, by notice to Funding 1 (and to the extent permitted by applicable law), convert the floating charge created under this Clause 3 into a fixed charge as regards any of Funding 1's assets subject to the floating charge specified in that notice, if
 - (i) an Intercompany Loan Event of Default is outstanding,
 - (ii) the Funding 1 Security Trustee considers those assets or any part thereof to be in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process or to be otherwise in jeopardy, and/or
 - (iii) a circumstance occurs which the Funding 1 Security Trustee considers to (or to be likely to) prejudice, imperil or threaten the Funding 1 Security
- (c) Except as provided below, the floating charge created by this Clause 3 will automatically (so far as permitted by applicable law) convert into a fixed charge as regards
 - (i) all of Funding 1's assets subject to the floating charge, upon the service of an Intercompany Loan Acceleration Notice, and/or
 - (ii) any assets of Funding 1 subject to the floating charge, if those assets (contrary to the covenants and undertakings contained in the Funding 1 Transaction Documents)

(A) are or become subject to a Security Interest in favour of any person other than the Funding 1 Security Trustee, or

(B) are or become the subject of a sale, transfer or other disposition,

immediately prior to that Security Interest arising or that sale, transfer or other disposition being made

(d) The floating charge created by this Clause 3 7 may not be converted into a fixed charge solely by reason of

(i) the obtaining of a moratorium, or

(ii) anything done with a view to obtaining a moratorium,

under the Insolvency Act 2000

(e) The floating charge created by this Clause 3 7 is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986

4. ACKNOWLEDGEMENTS AND UNDERTAKINGS

4.1 Funding 1 Security

(a) This Deed constitutes irrevocable notice in writing to each Funding 1 Secured Creditor of the assignment or assignation of all of Funding 1's rights in respect of the Funding 1 Charged Documents under Clause 3 3 (Contracts) Funding 1 authorises and instructs each of the Funding 1 Secured Creditors, in relation to Funding 1's rights (but not its obligations) under the relevant Funding 1 Charged Document(s), to deal with the Funding 1 Security Trustee without reference to Funding 1

(b) By executing this Deed, each Funding 1 Secured Creditor acknowledges and consents to the assignment or assignation referred to in this Clause 4 1 and the other Security Interests made or granted under this Deed and confirms that

(i) it will deal only with the Funding 1 Security Trustee in relation to Funding 1's rights (but not its obligations) under the relevant Funding 1 Charged Document(s) without any reference to Funding 1, 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 Funding 1 Charged Asset

(c) Each Funding 1 Secured Creditor acknowledges the Funding 1 Security, and covenants to the Funding 1 Security Trustee not to do anything inconsistent with the Funding 1 Security or knowingly to prejudice that security or any of the Funding 1 Charged Assets (or the Funding 1 Security Trustee's interest in those assets) provided that, subject to Clause 5 (Restrictions on Exercise of Certain Rights), this Deed does not limit the rights of any of Funding 1 Secured Creditors under the Funding 1 Transaction Documents

(d) Funding 1 hereby intimates and gives notice to the Mortgages Trustee as trustee under and in terms of the Mortgages Trust Deed of the assignment in security made in terms of Clause 3 2 (Trust Property) and the Mortgages Trustee by its execution of this Deed as such trustee immediately subsequent to the execution hereof by Funding 1 confirms that as at the date hereof it has received no intimation of any other dealing with the Funding 1 Share of the

Trust Property or any part thereof except in accordance with the Funding 1 Transaction Documents

4.2 Funding 1 Charged Documents

Without prejudice to any other rights of the Funding 1 Security Trustee and subject to the terms and conditions of the Funding 1 Charged Documents, the Parties acknowledge that the Funding 1 Security Trustee, but not Funding 1, may from time to time and at any time exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies under or in respect of the Funding 1 Charged Documents as directed by the Funding 1 Security Trustee in accordance with this Deed

4.3 Funding 1 Transaction Documents

Each Funding 1 Secured Creditor acknowledges that it is bound by, and deemed to have notice of, all of the provisions of the Funding 1 Transaction Documents as if it was a party to each Funding 1 Transaction Document

4.4 Payments to Funding 1

Notwithstanding the Funding 1 Security, but subject as provided otherwise in this Deed, each of the parties acknowledges that

- (a) each Funding 1 Secured Creditor and each other party to any Funding 1 Transaction Document may continue to make all payments becoming due to Funding 1 under any Funding 1 Transaction Document in the manner envisaged by that document until receipt of written notice from the Funding 1 Security Trustee or any Receiver requiring payments to be made otherwise, and
- (b) until the Funding 1 Security has become enforceable, Funding 1 shall be entitled to exercise its rights, powers and discretions and perform its obligations in relation to the Funding 1 Charged Assets and under the Funding 1 Transaction Documents in accordance with the terms and conditions of Funding 1 Transaction Documents

4.5 New Funding 1 Secured Creditors

- (a) In order to become a New Funding 1 Secured Creditor, a creditor of Funding 1 must enter into an Accession Deed in or substantially in the form set out in Schedule 1 hereto
- (b) If Lloyds Bank has entered into an Eligible Custody Agreement with an Eligible GIC Custodian in accordance with Clause 4.9 of the Cash Management Agreement and pursuant to the Funding 1 Collateral Security Agreement, then the Eligible GIC Custodian shall be entitled to be a Funding 1 Secured Creditor. Each Funding 1 Secured Creditor agrees that any amounts due to the Eligible GIC Custodian or any agent, delegate or sub-delegate of the Eligible GIC Custodian shall be paid *pro rata* and *pari passu* with amounts due to the Funding 1 Account Bank in accordance with the Funding 1 Priority of Payments. Each Funding 1 Secured Creditor agrees to enter into an Accession Deed in order for the Eligible GIC Custodian to become a Funding 1 Secured Creditor
- (c) If an Eligible Bank has acceded to the Funding 1 Bank Account Agreement as Agent Account Bank and as Funding 1 Account Bank in respect of a Funding 1 Eligible Bank GIC Account or entered into a bank account agreement pursuant to the Funding 1 Bank Account Agreement with Funding 1 then the Agent Account Bank shall be entitled to be a Funding 1 Secured Creditor. Each Funding 1 Secured Creditor agrees that any amounts due to that the Agent Account Bank shall be paid *pro rata* and *pari passu* with amounts due to the Funding

1 Account Bank in accordance with the Funding 1 Priority of Payments. Each Funding 1 Secured Creditor agrees to enter into an Accession Deed in order for the Agent Account Bank to become a Funding 1 Secured Creditor.

5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS

5.1 Payments to Funding 1 Bank Accounts

At all times prior to the release, re-assignment, retrocession and/or discharge under Clause 24 (Release) of the Funding 1 Security, Funding 1 will, save as otherwise provided in the Funding 1 Transaction Documents or unless the Funding 1 Security Trustee otherwise agrees in writing, procure that all amounts received by Funding 1 under or in respect of the Funding 1 Transaction Documents will be credited to the Funding 1 Bank Accounts in accordance with the terms of the Funding 1 Transaction Documents.

5.2 No withdrawals from Funding 1 Bank Accounts

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Bank Accounts other than as expressly permitted in accordance with the terms of this Deed or the Cash Management Agreement or with the prior written consent of the Funding 1 Security Trustee.

5.3 No enforcement by Funding 1 Secured Creditors

- (a) Except as provided below, each of the Funding 1 Secured Creditors (other than, in the case of paragraph (iii) below, the Funding 1 Security Trustee) agrees with Funding 1 and the Funding 1 Security Trustee that
 - (i) only the Funding 1 Security Trustee may enforce the Funding 1 Security in accordance with the terms of this Deed,
 - (ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of Funding 1, and
 - (iii) it will not take any other steps or action against Funding 1 or the Funding 1 Charged Assets for the purpose of recovering any of the Funding 1 Secured Liabilities (including by exercising any rights of set-off) or enforcing any rights arising out of the Funding 1 Transaction Documents against Funding 1.
- (b) If the Note Trustee, having become bound under the terms of the Conditions or the Note Trust Deed to do so, has failed to give directions to the Issuer Security Trustee to give directions to the Funding 1 Security Trustee to enforce the Funding 1 Security or the Issuer Security Trustee, having become bound under the terms of the Issuer Deed of Charge to do so, has failed to give directions to the Funding 1 Security Trustee to enforce the Funding 1 Security or the Funding 1 Security Trustee, having become bound under the terms of this Deed to do so, has failed to enforce the Funding 1 Security or to take any other steps or action against Funding 1 or the Funding 1 Charged Assets for the purpose of recovering any of the Funding 1 Secured Liabilities or enforcing any rights arising out of the Funding 1 Transaction Documents against Funding 1, in each case within a reasonable period and that failure is continuing, each of the Funding 1 Secured Creditors will be entitled to take any steps and proceedings against Funding 1 for the purpose of recovering any of Funding 1 Secured Liabilities or enforcing any rights arising out of the Funding 1 Transaction Documents as it considers necessary other than any steps or proceedings.

- (i) in respect of procuring the winding up, administration or liquidation of Funding 1, and/or
- (ii) which would result in the breach by it of Clause 6 (Payments out of the Funding 1 Bank Accounts Prior to service of an Intercompany Loan Acceleration) and/or Clause 7 (Payments out of Funding 1 Bank Accounts Upon Acceleration) herein and/or any term of the other Funding 1 Transaction Documents

5.4 Limited recourse

- (a) Each of the Funding 1 Secured Creditors hereby agrees that, notwithstanding any other provision of any Funding 1 Transaction Document, all obligations of Funding 1 to each Funding 1 Secured Creditor in respect of Funding 1 Secured Liabilities owing to each Funding 1 Secured Creditor are limited in recourse to the Funding 1 Charged Assets and, upon the Funding 1 Security Trustee giving written notice to the Funding 1 Secured Creditors that
 - (i) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Funding 1 Charged Assets (whether arising from enforcement of the Funding 1 Security or otherwise) which would be available to pay amounts outstanding under the Funding 1 Transaction Documents, and
 - (ii) all amounts available to be applied to pay amounts owing under the Funding 1 Transaction Documents have been so applied in accordance with the provisions of this Deed,

the Funding 1 Secured Creditors shall have no further claim against the Funding 1 in respect of any amounts owing to them which remain unpaid and such amounts shall be deemed to be discharged in full

- (b) The provisions of this Clause 5 4 shall survive the termination of this Deed

5.5 Amounts received by Funding 1 Secured Creditors

Each Funding 1 Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any Funding 1 Secured Liability owed to it other than in accordance with the provisions of this Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this Deed shall be received and held by it as trustee for the Funding 1 Security Trustee and shall be paid over to the Funding 1 Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of this Deed

6. PAYMENTS OUT OF THE FUNDING 1 BANK ACCOUNTS PRIOR TO SERVICE OF AN INTERCOMPANY LOAN ACCELERATION NOTICE

6.1 Application

No payment, transfer and/or withdrawal may be made from any of the Funding 1 Bank Accounts

- (a) at any time upon and after enforcement of the Funding 1 Security without the prior written consent of the Funding 1 Security Trustee, and/or

- (b) under this Clause at any time upon and after an Intercompany Loan Acceleration Notice has been served

6.2 Funding 1 Bank Accounts

Funding 1 shall at all times during the Funding 1 Security Period

- (a) save as otherwise provided in the Funding 1 Transaction Documents or unless the Funding 1 Security Trustee otherwise agrees (and then only on such terms and in such manner as the Funding 1 Security Trustee may in its absolute discretion require) procure that any distribution of Mortgages Trust Available Revenue Receipts to Funding 1 and any distribution of Mortgages Trust Available Principal Receipts to Funding 1 under the Mortgages Trust Deed is paid into the Funding 1 GIC Account, the Funding 1 Eligible Bank GIC Account or, with respect to Funding 1 Deposit Non-Reserved Amounts only, the Funding 1 Collateralised GIC Account, and
- (b) save as otherwise provided in the Funding 1 Transaction Documents or unless the Funding 1 Security Trustee otherwise agrees, procure that all proceeds from a Term Advance which are to be applied in or towards repayment of another Term Advance are, pending such repayment, deposited in the Funding 1 GIC Account, the Funding 1 Eligible Bank GIC Account or, with respect to Funding 1 Deposit Non-Reserved Amounts only, the Funding 1 Collateralised GIC Account

6.3 Priority of payments for Funding 1 Available Revenue Receipts – prior to service of an Intercompany Loan Acceleration Notice

- (a) Prior to the service of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application), Funding 1, or the Cash Manager on its behalf, will transfer funds representing Funding 1 Available Revenue Receipts standing to the credit of
 - (i) the Funding 1 GIC Account or any Funding 1 Eligible Bank GIC Account to the Funding 1 Transaction Account on each Funding 1 Payment Date (or any other date in respect of payments to be made from the Funding 1 Transaction Account to satisfy a liability of the type described in item (a)(iii) of the Funding 1 Pre-Enforcement Revenue Priority of Payments if those payments are due on that date) to be applied in accordance with the terms of the Funding 1 Pre-Enforcement Revenue Priority of Payments, and
 - (ii) the Funding 1 Collateralised GIC Account to the Funding 1 GIC Account no later than 7 Business Days prior to each Funding 1 Payment Date (or no later than 7 Business Days prior to any other date in respect of payments to be made from the Funding 1 GIC Account to the Funding 1 Transaction Account to satisfy a liability of the type described in item (a)(iii) of the Funding 1 Pre-Enforcement Revenue Priority of Payments if those payments are due on that date) to be transferred and applied as set forth in sub-clause (i) above
- (b) Prior to the service of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6.1 (Application), Funding 1, or the Cash Manager on its behalf, will apply funds standing to the credit of the Funding 1 Transaction Account representing Funding 1 Available Revenue Receipts on each Funding 1 Payment Date (or any other date in respect of payments to be made to satisfy a liability of the type described in item (a)(iii) of the Funding 1 Pre-Enforcement Revenue Priority of Payments if those

payments are due on that date) to be applied in accordance with the terms of the Funding 1 Pre-Enforcement Revenue Priority of Payments

- (c) Notwithstanding the foregoing, if the Funding 1 Payment Date shall be a monthly date and shall have become so as a result of a step-up date having occurred in respect of the 2006-1 Notes and any 2006-1 Notes remain outstanding then the Cash Manager shall set aside and create a provision for the amounts which have accrued but not yet fallen due in respect of all of the Term Advances in respect of which payments are being made on such Funding 1 Payment Date (any such provision being required to be made at the same order of priority as such Term Advances and the Funding 1 Pre-Enforcement Revenue Priority of Payments shall be read and construed accordingly) Any such amounts shall be retained in the Funding 1 GIC Account and applied as Funding 1 Available Revenue Receipts on the next following Funding 1 Payment Date

6.4 Priority of payments for Funding 1 Available Principal Receipts – prior to service of an Intercompany Loan Acceleration Notice

- (a) Prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, will transfer funds representing Funding 1 Available Principal Receipts standing to the credit of
 - (i) the Funding 1 GIC Account or any Funding 1 Eligible Bank GIC Account to the Funding 1 Transaction Account on each Funding 1 Payment Date to be applied in accordance with the terms of the Cash Management Agreement and the applicable Funding 1 Pre-Enforcement Principal Priority of Payments, as set out in Part 2 of Schedule 2 to this Deed, and
 - (ii) the Funding 1 Collateralised GIC Account to the Funding 1 GIC Account no later than 7 Business Days prior to each Funding 1 Payment Date to be transferred and applied as set forth in sub-clause (i) above
- (b) Prior to the service of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, will apply funds standing to the credit of the Funding 1 Transaction Account representing Funding 1 Available Principal Receipts on each Funding 1 Payment Date in accordance with the terms of the Cash Management Agreement and the applicable Funding 1 Pre-Enforcement Principal Priority of Payments set out in Part 2 of Schedule 2 to this Deed
- (c) Prior to the service of an Intercompany Loan Acceleration Notice, notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, will apply funds standing to the credit of the Funding 1 Yield Reserve Fund on each Funding 1 Payment Date in accordance with the terms of the Cash Management Agreement and the applicable Funding 1 Pre-Enforcement Priority of Payments set out in Part 4 of Schedule 2 to this Deed
- (d) Notwithstanding the foregoing, if the Funding 1 Payment Date shall be a monthly date and shall have become so as a result of a step-up date having occurred in respect of the 2006-1 Notes and any 2006-1 Notes remain outstanding then the Cash Manager shall set aside and create a provision for the amounts which have accrued but not yet fallen due in respect of all of the Term Advances in respect of which payments are being made on such Funding 1 Payment Date (any such provision being required to be made at the same order of priority as such Term Advances and the Funding 1 Pre-Enforcement Principal Priority of Payments

shall be read and construed accordingly) Any such amounts shall be retained in the Funding 1 GIC Account and applied as Funding 1 Available Principal Receipts on the next following Funding 1 Payment Date

6.5 Authorised Investments

- (a) Notwithstanding the Funding 1 Security but subject to Clause 6 1 (Application), Funding 1, or the Cash Manager on its behalf, may withdraw amounts standing to the credit of Funding 1 Bank Accounts from time to time for the purpose of acquiring Authorised Investments in accordance with the terms of the Funding 1 Bank Account Agreement and the Cash Management Agreement and, with respect to amounts in the Funding 1 Eligible Bank GIC Account, the Panel Bank Guidelines All amounts received in respect of any Authorised Investments (including any amounts received as a result of a disposal under paragraph (b) below) will be deposited into the Funding 1 GIC Account, the Funding 1 Collateralised GIC Account or the Funding 1 Eligible Bank GIC Account, as applicable
- (b) Notwithstanding the Funding 1 Security, Funding 1, or the Cash Manager on its behalf, may sell or redeem or otherwise dispose of any Authorised Investments on any day prior to the enforcement of the Funding 1 Security subject to the terms of this Deed and the Cash Management Agreement

7. PAYMENTS OUT OF FUNDING 1 BANK ACCOUNTS UPON ACCELERATION

- (a) All monies received or recovered by the Funding 1 Security Trustee or any Receiver in respect of the Funding 1 Charged Assets (excluding principal amounts standing to the credit of the Funding 1 Swap Collateral Cash Account (if any)) following service of an Intercompany Loan Acceleration Notice will be held by it on trust to be applied in accordance with Part 3 of Schedule 2 and Part 4 of Schedule 2 to this Deed
- (b) Upon any enforcement of the Funding 1 Collateral Security Agreement following a Funding 1 Collateralised GIC Enforcement Event, the proceeds of any realisation of enforcement over any Eligible Collateral will be applied in accordance with the provisions of the Funding 1 Collateral Security Agreement and the Cash Management Agreement
- (c) After the service of an Intercompany Loan Acceleration Notice, all amounts standing to the credit of the Funding 1 Swap Collateral Cash Account (if any) will be applied in or towards payment of all amounts outstanding under the Funding 1 Swap Agreement

8. ENFORCEMENT BY THE FUNDING 1 SECURITY TRUSTEE

8.1 Mandatory enforcement

- (a) Subject to Clause 8 2 (Administrative receiver), the Funding 1 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 Funding 1 Transaction Documents (including, without limitation, enforcing the Funding 1 Security) unless the Funding 1 Security Trustee
 - (i) has been indemnified and/or secured to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and, for this purpose, the Funding 1 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, and

- (ii) is directed to do so by
- (A) the Issuer Security Trustee, or
- (B) if there is no outstanding Term Advance under the Intercompany Loan Agreement, all of the other Funding 1 Secured Creditors,

(in each case, the **Instructing Party**), in which case the Funding 1 Security Trustee will be bound to take such action in the manner instructed by the Instructing Party, provided that the Funding 1 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 Funding 1 Security Trustee or is to preserve or protect the Funding 1 Security Trustee's position or is of a purely administrative nature

- (b) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor or Funding 1 for any action it may take in accordance with any instructions received pursuant to paragraph (a) above, except in the case of gross negligence, wilful default or fraud. The Funding 1 Security Trustee shall be entitled to seek clarification from the relevant Instructing Party with regard to such instructions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction from such relevant Instructing Party
- (c) Upon being directed by the Issuer Security Trustee to enforce the Funding 1 Security in accordance with paragraph (a) above, the Funding 1 Security Trustee will notify Funding 1, the Seller and the Funding 1 Secured Creditors of such direction, such notification to take place, if reasonably practicable, prior to the Funding 1 Security Trustee taking steps to enforce such security, provided always that the failure of the Funding 1 Security Trustee to provide such notification shall not prejudice the ability of the Funding 1 Security Trustee to enforce the security created by this Deed

8.2 Administrative receiver

- (a) Notwithstanding any term of this Deed, subject to paragraph (b) below, the Funding 1 Security Trustee must enforce the Funding 1 Security by appointing an administrative receiver in respect of Funding 1 if it has actual notice of
 - (i) an application for the appointment of an administrator in respect of Funding 1, or
 - (ii) the giving of a notice of intention to appoint an administrator in respect of Funding 1,
 and that appointment shall take effect not later than the final day by which it must take effect in order to prevent an administration proceeding
- (b) The Funding 1 Security Trustee is not liable for any failure to appoint an administrative receiver in respect of Funding 1, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt
 - (i) nothing in this Clause 8.2 (Administrative receiver) shall be construed so as to impose on the Funding 1 Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to this Clause 8.2 (Administrative receiver) except to the extent of (and from) the cash and assets comprising the Funding 1 Security held by the Funding 1 Security Trustee at such time, and
 - (ii) the Funding 1 Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an

administrative receiver on the terms as to indemnification referred to in paragraph (b)(i) above

- (c) The Funding 1 Security Trustee shall not be liable to any Funding 1 Secured Creditor for any action it may take in accordance with paragraph (a) above
- (d) Funding 1 hereby waives any claims against the Funding 1 Security Trustee in respect of any appointment made pursuant to this Clause 8 2

9. ENFORCEMENT OF FUNDING 1 SECURITY

9.1 General

- (a) For the purposes of all powers implied by statute, the Funding 1 Secured Liabilities are deemed to have become due and payable on the date of this Deed
- (b) Section 103 of the 1925 Act (restricting the power of sale) and Section 93 of the 1925 Act (restricting the right of consolidation) do not apply to the Security Interests comprised in the Funding 1 Security

9.2 Intercompany Loan Acceleration Notice

The Funding 1 Security will become immediately enforceable upon the service of an Intercompany Loan Acceleration Notice on Funding 1 or, if there is no outstanding Term Advance under the Intercompany Loan Agreement, upon failure by Funding 1 to pay any other Funding 1 Secured Liability on its due date (subject to any applicable grace period)

9.3 Privileges

The Funding 1 Security Trustee and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the 1925 Act on mortgagees and receivers duly appointed under the 1925 Act, except that Section 103 of the 1925 Act does not apply

9.4 Power of sale

The power of sale and other powers conferred by Section 101 of the 1925 Act, as extended and varied by this Deed, will be immediately exercisable at any time after the Funding 1 Security has become enforceable

9.5 Extension of the 1925 Act

- (a) The statutory powers of leasing conferred on the Funding 1 Security Trustee are extended so as to authorise the Funding 1 Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Funding 1 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 statutory powers of sale and the other powers conferred on the Funding 1 Security Trustee by Section 101(1) and (2) of the 1925 Act are extended so as to authorise the Funding 1 Security Trustee (upon such terms as the Funding 1 Security Trustee may think fit and in accordance with the terms of this Deed) to
 - (i) make demand in the name of the other Funding 1 Secured Creditors or in its own right for any moneys and liabilities in respect of the Funding 1 Charged Assets, and

- (ii) do all or any of the things or exercise all or any of the powers referred to in Clause 11 (Powers of Receiver) as if each of them was expressly conferred on the Funding 1 Security Trustee by this Deed

9.6 Mortgagee in possession

- (a) Neither the Funding 1 Security Trustee nor any Receiver will be liable, by reason of the Funding 1 Security or entering into possession of a Funding 1 Charged Asset, to account as mortgagee or security holder in possession or for any loss on realisation or for any default or omission for which a mortgagee or security holder in possession might be liable. If and whenever the Funding 1 Security Trustee or any Receiver enters into possession of a Funding 1 Charged Asset, it will be entitled at any time, at its discretion, to go out of such possession.
- (b) Each of the Funding 1 Security Trustee, the other Funding 1 Secured Creditors and any Receiver will not take any action (other than, in the case of the other Funding 1 Secured Creditors, with the Funding 1 Security Trustee's prior written consent) which would be likely to lead to the Funding 1 Security Trustee or the other Funding 1 Secured Creditors becoming a mortgagee or security holder in possession in respect of any Funding 1 Charged Asset.

9.7 Protection of third parties

No person (including a purchaser) dealing with the Funding 1 Security Trustee or any Receiver or its or his agents will be concerned to enquire

- (a) whether the Funding 1 Secured Liabilities remain outstanding or have become payable,
- (b) whether any power which the Funding 1 Security Trustee or that Receiver is purporting to exercise has become exercisable or is being properly exercised, or
- (c) how any money paid to the Funding 1 Security Trustee or to that Receiver is to be applied,

and the protections afforded to purchasers from a mortgagee by Section 104 and 107 of the 1925 Act and to persons dealing with an administrative receiver by Section 42(3) of the Insolvency Act 1986 will apply

9.8 Contingencies

If the Funding 1 Security is enforced at a time when no amount is due in respect of the Funding 1 Secured Liabilities or any of the Funding 1 Secured Liabilities are contingent or future, the Funding 1 Security Trustee or any Receiver may pay the proceeds of any recoveries effected by it into any interest-bearing account to be held by it as security and applied in accordance with the terms of this Deed and the Cash Management Agreement

9.9 Disposal of Funding 1 Charged Assets

Notwithstanding the foregoing provisions of this Clause 9, if the Funding 1 Security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of any Term AAA Advance, the Funding 1 Security Trustee will not be entitled to dispose of all or part of the Funding 1 Charged Assets unless either

- (a) a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing under all Term AAA Advances and all prior ranking amounts due by Funding 1 in accordance with the applicable Funding 1 Priorities of Payments, or
- (b) the Funding 1 Security Trustee is of the sole opinion, which shall be binding on the Funding 1 Secured Creditors, reached after considering at any time and from time to time the advice of any financial or such other professional advisers selected by the Funding 1 Security Trustee in its absolute discretion (acting reasonably) for the purpose of giving such advice, that the cash flow prospectively receivable by Funding 1 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 Funding 1, to discharge in full in due course all amounts owing in respect of each Term AAA Advance and all prior ranking amounts due by Funding 1. The fees and expenses of the aforementioned financial adviser or such other professional adviser selected by the Funding 1 Security Trustee shall be paid by Funding 1.

9.10 Scottish Trust Property

Without prejudice to the provisions of this Clause 9 and Clause 16 of the Mortgages Trust Deed, Funding 1 and the Mortgages Trustee hereby undertake to the Funding 1 Security Trustee that if at any time after the security constituted by or pursuant to this Deed shall have become enforceable and the Funding 1 Security Trustee or any Receiver shall so require, they will join together in directing the Seller to sell or dispose of all or any part of the Scottish Trust Property on terms previously approved by the Funding 1 Security Trustee and/or in causing the trusts constituted by any Scottish Declaration of Trust to be wound up or performed and they will take all such 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 Scottish Trust Property or any part thereof in accordance with the terms of each Scottish Declaration of Trust, the Mortgages Trust Deed and this Deed. The Seller and the Mortgages Trustee hereby acknowledge and consent to the foregoing as trustee and beneficiary respectively in terms of each Scottish Declaration of Trust.

10. RECEIVER

10.1 Appointment of Receiver

- (a) Except as provided below, the Funding 1 Security Trustee may appoint any one or more persons to be a Receiver of all or any part of the Funding 1 Charged Assets if the Funding 1 Security has become enforceable.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) 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.
- (d) The Funding 1 Security Trustee is not entitled to appoint a Receiver solely as a result of
 - (i) the obtaining of a moratorium, or
 - (ii) anything done with a view to obtaining a moratorium,

under the Insolvency Act 2000

10.2 Removal

The Funding 1 Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated. The Funding 1 Security Trustee may apply to the court for an order removing an administrative receiver.

10.3 Remuneration

The Funding 1 Security Trustee may fix the remuneration of any Receiver appointed by it and the maximum rate specified in Section 109(6) of the 1925 Act will not apply. Funding 1 will pay the remuneration of any Receiver in accordance with the terms and in the manner agreed from time to time between the relevant Receiver and the Funding 1 Security Trustee, subject to the terms and conditions of this Deed.

10.4 Agent of Funding 1

- (a) A Receiver will be deemed to be the agent of Funding 1 for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the 1925 Act. Funding 1 alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) If a liquidator of Funding 1 is appointed, the Receiver will act as principal and not as agent of the Funding 1 Security Trustee.
- (c) The Funding 1 Security Trustee will not incur any liability (either to Funding 1 or to any other person) by reason of the appointment of a Receiver.

10.5 Relationship with Funding 1 Security Trustee

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after the Funding 1 Security becomes enforceable be exercised by the Funding 1 Security Trustee in relation to any Funding 1 Charged Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

11. POWERS OF RECEIVER

11.1 General

- (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 1986, 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 1986.
- (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.

11.2 Possession

A Receiver may take immediate possession of, get in and collect any Funding 1 Charged Asset

11.3 Carry on business

A Receiver may carry on any business of Funding 1 in any manner he thinks fit

11.4 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit
- (b) A Receiver may discharge any person appointed by Funding 1

11.5 Borrow money

A Receiver may raise and borrow money either unsecured or on the security of any Funding 1 Charged Asset either in priority to the Funding 1 Security or otherwise and generally on any terms and for whatever purpose which he thinks fit

11.6 Sale of assets

- (a) A Receiver may sell, exchange, convert into money and realise any Funding 1 Charged Asset by public auction or private contract and generally in any manner and on any terms which he thinks fit
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Funding 1

11.7 Leases

A Receiver may let any Funding 1 Charged Asset for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Funding 1 Charged Asset on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender)

11.8 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Funding 1 or relating in any way to any Funding 1 Charged Asset, provided that, any such claim has priority to or ranks *pari passu* with this Deed

11.9 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Funding 1 Charged Asset which he thinks fit

11.10 Receipts

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Funding 1 Charged Asset

11.11 Subsidiaries

A Receiver may form a Subsidiary of Funding 1 and transfer to that Subsidiary any Funding 1 Charged Asset

11.12 Delegation

A Receiver may delegate his powers in accordance with this Deed

11.13 Lending

A Receiver may lend money or advance credit to any customer of Funding 1

11.14 Protection of assets

A Receiver may

- (a) effect any repair or insurance and do any other act which Funding 1 might do in the ordinary conduct of its business to protect or improve any Funding 1 Charged Asset,
- (b) commence and/or complete any building operation, and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit

11.15 Uncalled capital

A Receiver may call up or require the directors of Funding 1 to call up any uncalled capital of Funding 1

11.16 Payment of expenses

A Receiver may pay and discharge, out of the profits and income of the Funding 1 Charged Assets and any moneys made by it in carrying on the business of Funding 1, the expenses incurred by it in connection with the carrying on and management of that business or in the exercise of any of the powers conferred by this Clause or otherwise in respect of the Funding 1 Charged Assets and all other expenses which it shall think fit to pay and will apply the residue of those profits and income in accordance with the terms of this Deed

11.17 Other powers

A Receiver may

- (a) do all other acts and things which he may consider desirable or necessary for realising any Funding 1 Charged Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law,

- (b) exercise in relation to any Funding 1 Charged Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Funding 1 Charged Asset, and
- (c) use the name of Funding 1 for any of the above purposes

12. MODIFICATION, AUTHORISATION, WAIVER, AND CONSENT

12.1 Modification

- (a) Subject to paragraph (b) below, the Funding 1 Security Trustee shall concur with Funding 1 or any other person in making any modification to any Funding 1 Transaction Document only if so directed by (a) the Issuer Security Trustee, so long as there is any Term Advance outstanding under the Intercompany Loan Agreement or (b) all of the other Funding 1 Secured Creditors, if there is no Term Advance outstanding
- (b) Subject to paragraph (c) below, the Funding 1 Security Trustee shall be required to give its consent to any modifications to any Funding 1 Transaction Documents that are requested by Funding 1 or the Cash Manager, provided that Funding 1 or the Cash Manager, as the case may be, has certified to the Funding 1 Security Trustee in writing that such modifications are required in order to accommodate
 - (i) Notes to be issued and/or Term Advances to be made available by the Issuer to Funding 1 under the Intercompany Loan Agreement,
 - (ii) the entry by Funding 1 into New Intercompany Loan Agreements, the issue of New Notes by New Issuers or the issue of New Notes by Funding 1 directly,
 - (iii) the addition of new Funding 1 Secured Creditors to the Transaction Documents,
 - (iv) the assignment of New Loan Types or their Related Security to the Mortgages Trustee,
 - (v) the inclusion of a New Beneficiary as a beneficiary of the Mortgages Trust,
 - (vi) changes to the Z Loan Agreement and the subordination of the Z Loans provided that payments to the Z Loan Provider will always be made after payments of amounts due by Funding 1 to the Issuer in respect of the Term Advances or by the Issuer to Noteholders in respect of the Notes,
 - (vii) changes to the Funding 1 Reserve Required Amount, the Funding 1 Liquidity Reserve Required Amount, the Funding 1 Z Loan Required Amount and/or the manner in which the Funding 1 General Reserve Fund, the Funding 1 Liquidity Reserve Fund or the Funding 1 Yield Reserve Fund is funded,
 - (viii) different Interest Payment Dates and/or Interest Periods for any Notes to be issued by the Issuer (including modification of the Interest Payment Dates and/or Interest Periods and/or the basis for the calculation of interest in respect of any outstanding Notes and/or the Funding 1 Payment Dates and/or the Funding 1 Interest Periods and/or the basis for the calculation of interest in respect of any outstanding Term Advances under the Intercompany Loan Agreement),
 - (ix) changes to be made to the definitions of Asset Trigger Event and Non-Asset Trigger Event,

- (x) the entry by Funding 1 into a Funding 1 Account Bank Agreement with an Agent Account Bank and the corresponding opening of Funding 1 Eligible Bank GIC Accounts,
 - (xi) the entry by Funding 1 into the Funding 1 Collateral Security Agreement and any Eligible Custody Agreement,
 - (xii) the accession of a New Seller to the Programme, the inclusion of a New Seller as a beneficiary of the Mortgages Trust, the entry into a New Mortgage Sale Agreement by a New Seller, the Beneficiaries and the Funding 1 Security Trustee, the assignment of Halifax Loans and their Related Security to the Mortgages Trustee, any amendments to the Lending Criteria and/or any amendments to the Loan Warranties required to include Halifax Loans in the Portfolio, and/or
 - (xiii) any amendment to the Transaction Documents for the purposes of enabling new or existing credit enhancement (such as subordinated loans, uncommitted sterling loan facility or similar arrangement) and any other facilities in each case to support cash balances maintained in accounts with account banks whose ratings do not meet current rating agency requirements. Under such arrangements advances may be made pursuant to the Intercompany Loan Agreement to make a Contribution to the Mortgages Trust thereby increasing the Seller Share. The repayment of such loan facility or similar arrangement will be subordinated to payments of interest and principal when due on the Notes which have received a rating from a Rating Agency and any related Issuer Swap Agreements (other than payments in respect of any Issuer Swap Excluded Termination Amount) provided that such loan facility or similar arrangement may be repaid at any time through a Refinancing Contribution pursuant to the terms of the relevant Transaction Documents
- (c) The Funding 1 Security Trustee shall only be required to make the modifications set out in paragraph (b) above if the Funding 1 Security Trustee is satisfied that
- (i) in respect of the matter set out in paragraphs (b)(i) to (b)(v) inclusive, the conditions precedent to
 - (A) Notes being issued by the Issuer and/or Term Advances being made available to Funding 1 (as set out in clause 3 of the Note Trust Deed or, as applicable, clause 2 of the Intercompany Loan Agreement),
 - (B) New Notes being issued by New Issuers or by Funding 1 directly and/or New Intercompany Loan Agreements being entered into by Funding 1,
 - (C) the assignment of New Loans to the Mortgages Trustee (as set out in clause 4 of the Mortgage Sale Agreement),
 - (D) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in clauses 3 and 8 of the Mortgages Trust Deed),
 have been satisfied,
 - (ii) in respect of the matters set out in paragraph (b)(i) to (b)(ix) inclusive, the Funding 1 Security Trustee has received written confirmation from each of the Rating Agencies that the relevant modifications will not result in a reduction, qualification or withdrawal of the current ratings of the Notes, and

- (iii) in respect of the matters set out in paragraphs (b)(x) to (b)(xiii) inclusive, the Funding 1 Security Trustee (x) has received written confirmation (i) from each of the Rating Agencies that the relevant modification, authorisation, waiver and/or consent will not result in a reduction, qualification or withdrawal of the current ratings of the Notes and (ii) from Funding 1 that no Basic Terms Modification shall result, (y) shall not be obliged to give its consent where, in the opinion of the Funding 1 Security Trustee, to do so would result in the imposition of an increase in its obligations or duties, or a decrease in its rights or protections, and (z) shall comply with the amendments described in the certification and shall not have any liability to any person for so acting
- (d) Each Funding 1 Secured Creditor hereby acknowledges that the Funding 1 Security Trustee is required to make the modifications set out in paragraph (b) above (subject to paragraph (c)), and each Funding 1 Secured Creditor further acknowledges that such modifications may adversely affect the manner in which the Mortgages Trustee allocates monies to Funding 1 and/or the amount of monies available to Funding 1 to meet the Funding 1 Secured Liabilities. Each Funding 1 Secured Creditor agrees that such modifications shall be binding on it and, unless the Funding 1 Security Trustee otherwise agrees, notice thereof shall be given by the Cash Manager to the Funding 1 Secured Creditors as soon as practicable after the modifications have been made

12.2 Authorisation or waiver

The Funding 1 Security Trustee shall waive or authorise (without prejudice to its rights in respect of any further or other breach) any breach or proposed breach by Funding 1 or any other person of any of the covenants or provisions of any Funding 1 Transaction Document only if so directed by (a) the Issuer Security Trustee, so long as there is any Term Advance outstanding under the Intercompany Loan Agreement or (b) all of the other Funding 1 Secured Creditors, if there is no Term Advance outstanding

12.3 Requests for consent or approval

If a request is made to the Funding 1 Security Trustee by Funding 1 or any other person to give its consent or approval to any event, matter or thing, then

- (a) if any Funding 1 Transaction Document specifies that the Funding 1 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 Funding 1 Security Trustee will give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied, and
- (b) in any other case, the Funding 1 Security Trustee shall give its consent or approval to that event, matter or thing only if so directed by (a) the Issuer Security Trustee, so long as there is any Term Advance outstanding under the Intercompany Loan Agreement or (b) all of the other Funding 1 Secured Creditors, if there is no Term Advance outstanding

12.4 Binding on Funding 1 Secured Creditors

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 will be binding on all of the Funding 1 Secured Creditors

12.5 Additional terms and conditions

Any modification, authorisation, waiver, consent or approval provided under this Clause 12 may be made or given on such terms and subject to such conditions (if any) as directed by (a) the Issuer Security Trustee, so long as there are is any Term Advance outstanding under the Intercompany Loan Agreement or (b) all of the other Funding 1 Secured Creditors, if there is no Term Advance outstanding

12.6 Notice to Funding 1 Secured Creditors

If required by the Funding 1 Security Trustee, Funding 1 will as soon as practicable notify each of the Funding 1 Secured Creditors in accordance with this Deed of any modification, authorisation, waiver, consent or approval made under this Clause

13. REMUNERATION AND INDEMNIFICATION OF THE FUNDING 1 SECURITY TRUSTEE

13 1 Funding 1 shall pay to the Funding 1 Security Trustee remuneration for its services as trustee as from the date of this Deed, such remuneration to be at such rate and to be paid on such dates as may from time to time be agreed in writing between Funding 1 and the Funding 1 Security Trustee. The rate of remuneration in force from time to time may upon the final repayment of the whole of any Term Advance be reduced by such amount as shall be agreed in writing between Funding 1 and the Funding 1 Security Trustee, such reduced remuneration to be calculated from such date as shall be agreed as aforesaid. Such remuneration shall accrue from day to day and be payable, in accordance with the applicable Funding 1 Priority of Payments, up to and including the date when the Funding 1 Security Period has expired and the Funding 1 Security Trustee has released, reassigned and/or discharged the Funding 1 Charged Assets from the Funding 1 Security as provided under this Deed

13 2 In the event of the occurrence of an Intercompany Loan Event of Default or the Funding 1 Security Trustee in its absolute discretion considering it necessary, or being requested by Funding 1 to undertake duties which the Funding 1 Security Trustee and Funding 1 agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Funding 1 Security Trustee under this Deed, Funding 1 shall pay to the Funding 1 Security Trustee such additional remuneration as shall be agreed between them

13 3 Funding 1 shall pay to the Funding 1 Security Trustee in addition an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under this Deed against production of a valid tax invoice

13 4 In the event of the Funding 1 Security Trustee and Funding 1 failing to agree

(a) (in a case to which sub-clause 13 1 above applies) upon the amount of the remuneration, or

(b) (in a case to which sub-clause 13 2 above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Funding 1 Security Trustee under this Deed, or upon such additional remuneration,

such matters shall be determined by a merchant or investment bank (acting as an expert and not as an arbitrator) selected by the Funding 1 Security Trustee and approved by Funding 1 or, failing such approval, nominated (on the application of the Funding 1 Security Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such merchant or investment bank being payable by Funding 1) and the determination of any such merchant or investment bank shall be final and binding upon the Funding 1 Security Trustee and Funding 1

- 13 5 In addition to remuneration hereunder, Funding 1 shall on written request pay (on an indemnity basis) all other properly incurred costs, charges and expenses which the Funding 1 Security Trustee and each of its officers, employees and advisers may properly incur in relation to the negotiation, preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other matter in relation to, this Deed and any other Funding 1 Transaction Document to which the Funding 1 Security Trustee is a party, including but not limited to travelling and legal expenses properly incurred and any stamp, issue, registration, documentary and other similar taxes or duties paid or payable by the Funding 1 Security Trustee in connection with any action taken or contemplated by or on behalf of the Funding 1 Security Trustee for enforcing, or for any other purpose in relation to, this Deed or any of the other Funding 1 Transaction Documents
- 13 6 All amounts payable pursuant to sub-clause 13 2 above and/or Clause 14(i) shall be payable by Funding 1 on the date specified in a written demand by the Funding 1 Security Trustee and in the case of payments actually made by the Funding 1 Security Trustee prior to such demand shall (if not paid within three days after such demand and the Funding 1 Security Trustee so requires) carry interest at the rate of 3 per cent per annum above the base rate from time to time of National Westminster Bank plc from the date specified in such demand, and in all other cases shall (if not paid on the date specified in such demand or, if later, within three days after such demand and, in either case, the Funding 1 Security Trustee so requires) carry interest at such rate from the date specified in such demand All remuneration payable to the Funding 1 Security Trustee shall carry interest at such rate from the due date therefor
- 13 7 Unless otherwise specifically stated in any discharge of this Deed, the provisions of this Clause and Clause 14(i) shall continue in full force and effect notwithstanding such discharge
- 13 8 The Funding 1 Security Trustee shall be entitled in its absolute discretion to determine in respect of which Term Advance any liabilities incurred under this Deed have been incurred or to allocate any such liabilities between Term Advances

14. SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Funding 1 Security Trustee in relation to the trusts constituted by these presents Where there are any inconsistencies between the Trustee Acts and the provisions of these presents, the provisions of these presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of these presents shall constitute a restriction or exclusion for the purposes of that Act

The Funding 1 Security Trustee shall have all the powers conferred upon trustees by the Trustee Act 1925 of England and Wales and by way of supplement thereto it is expressly declared as follows

- (a) **Expert Advice or Opinion** the Funding 1 Security Trustee may in relation to these presents or the other Funding 1 Transaction Documents act on the advice or opinion of or any information obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert whether obtained by Funding 1, the Funding 1 Security Trustee or otherwise and shall not be responsible for any liability occasioned by so acting in good faith, any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, e-mail or cable and the Funding 1 Security Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, facsimile transmission or cable although the same shall contain some error or shall not be authentic,
- (b) **Certificate as Sufficient Evidence** the Funding 1 Security Trustee shall be entitled to call for and rely without further investigation or enquiry upon a certificate or confirmation, reasonably believed by it to be genuine, of

- (i) any of the parties to the Transaction Documents, in respect of every matter and circumstance for which a certificate or confirmation is expressly provided for under these presents or the other Transaction Documents,
- (ii) any of the parties to the Transaction Documents or any other person, as to any other fact or matter *prima facie* within the knowledge of such party or person as sufficient evidence thereof,
- (iii) the auditors or any Receiver of Funding 1 as to the amounts to be paid to Funding 1 Secured Creditors in accordance with the relevant Funding 1 Priority of Payments, and
- (iv) any two directors of Funding 1 as to any fact or matter or the expediency of any transaction,

and the Funding 1 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 occasioned by its failing to do so or for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by it or any other person acting on such certificate or confirmation,

- (c) **Custody of Documents** the Funding 1 Security Trustee shall be at liberty to hold these presents and any other documents relating thereto or any other Funding 1 Transaction Documents or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Funding 1 Security Trustee to be of good repute and the Funding 1 Security Trustee shall not be responsible for or required to insure against any liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit,
- (d) **Error of judgment by employees** the Funding 1 Security Trustee shall not be liable for any error of judgment made in good faith by an office or employee of the Funding 1 Security Trustee assigned by the Funding 1 Security Trustee to administer its corporate trust matters,
- (e) **Assumption of No Default** the Funding 1 Security Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in these presents or to take any steps to ascertain whether any Intercompany Loan Event of Default has happened and, until it shall have received written notice from a Funding 1 Secured Creditor stating that an Intercompany Loan Event of Default has occurred and describing that Intercompany Loan Event of Default, the Funding 1 Security Trustee shall be entitled to assume that no Intercompany Loan Event of Default has occurred and that Funding 1 is observing and performing all of its obligations under these presents and the other Transaction Documents,
- (f) **Information** save where expressly provided otherwise in the Transaction Documents, any information provided to the Funding 1 Security Trustee under the terms of the Transaction Documents will be provided for information purposes only and the Funding 1 Security Trustee will not and is not expected routinely to review or to monitor such information,
- (g) **Absolute Discretion** save as expressly otherwise provided in this Deed, the Funding 1 Security Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Funding 1 Security Trustee and the Funding 1 Secured Creditors shall be conclusive and binding on the Funding 1 Secured Creditors) and provided

it shall not have acted fraudulently or negligently, shall not be responsible for any liability which may result from their exercise or non-exercise,

- (h) **Funding 1 Charged Assets** the Funding 1 Security Trustee may accept without enquiry, requisition or objection such title as Funding 1 may have to the Funding 1 Charged Assets or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of Funding 1 to the Funding 1 Charged Assets or any part thereof from time to time whether or not any default or failure is or was known to the Funding 1 Security Trustee or might be, or might have been, discovered upon examination, inquiry or investigation and whether or not capable of remedy Notwithstanding the generality of the foregoing, each Funding 1 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 Funding 1, and the Funding 1 Security Trustee shall not at any time have any responsibility for the same and no Funding 1 Secured Creditor shall rely on the Funding 1 Security Trustee in respect thereof,
- (i) **Indemnity** without prejudice to the right of indemnity by law given to trustees, Funding 1 shall indemnify the Funding 1 Security Trustee and each of its officers, employees and advisers (except where the same is indemnified by the Noteholders or any Funding 1 Secured Creditor) and keep the Funding 1 Security Trustee indemnified against all liabilities to which it may be or become subject or which may be incurred by it in the proper execution or purported proper execution of any of its trusts, powers, authorities and discretions under these presents or any other Funding 1 Transaction Document or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any other Funding 1 Transaction Document or any such appointment save to the extent that the same arises as a result of wilful default, wilful misconduct or fraud on the part of the Funding 1 Security Trustee or any of its officers, employees and advisers The Funding 1 Security Trustee shall keep Funding 1 informed of the progress of any claims against the Funding 1 Security Trustee,
- (j) **No Disclosure Obligation** unless and to the extent ordered so to do by a court of competent jurisdiction, the Funding 1 Security Trustee shall not be required to disclose to any Noteholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Funding 1 Security Trustee by Funding 1 or any other person in connection with these presents or any other Funding 1 Transaction Document and no Noteholder shall be entitled to take any action to obtain from the Funding 1 Security Trustee any such information,
- (k) **Currency Conversion** where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall be converted (unless otherwise provided by these presents or required by law) 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 Funding 1 Security Trustee in consultation with Funding 1 and any rate, method and date so agreed shall be binding on Funding 1 and the Funding 1 Secured Creditors,
- (l) **Rating Confirmation:** in determining whether the exercising or performing of any right, power, trust, authority, duty or discretion under or in relation to any of the Transaction Documents is materially prejudicial to the interests of the Noteholders of any Class, the Funding 1 Security Trustee shall be entitled to assume, without further investigation or inquiry, that such exercise or performance is not materially prejudicial to the interests of such Noteholders if each of the Rating Agencies confirms (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Funding 1 Security Trustee and irrespective of the method by which such confirmation is conveyed) (i) that the then current

rating by it of the relevant Series and/or Class of Notes would not be downgraded, withdrawn or qualified by such exercise or performance and/or (ii) if the original rating of the relevant Series and/or Class of Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such Series and/or Class of Notes,

- (m) **Professional Charges** any trustee of these presents being a lawyer, accountant, 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 firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents,
- (n) **Deductions and withholdings** notwithstanding the provisions of the Transaction Documents, to the extent required by applicable law, if the Funding 1 Security Trustee is required to make any deduction or withholding from any distribution or payment made by it under the Transaction Documents or if the Funding 1 Security Trustee is otherwise charged with, or may become liable for, tax as a consequence of performing its duties under the Transaction Documents (other than in connection with its remuneration as provided for herein), then the Funding 1 Security Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it an amount sufficient to discharge any Tax liability which relates to sums so received or distributed or to discharge any other such liability of the Funding 1 Security Trustee of Tax from the funds held by the Funding 1 Security Trustee on the trusts of this Deed,
- (o) **Power of Attorney** the Funding 1 Security Trustee may whenever it thinks fit (acting reasonably) delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) all or any of its trusts, powers, authorities and discretions under these presents. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Funding 1 Security Trustee may in the interests of the Funding 1 Secured Creditors think fit. The Funding 1 Security Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate (except where such delegate or sub-delegate is an affiliate, associate or otherwise connected with the Funding 1 Security Trustee). The Funding 1 Security Trustee shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to Funding 1,
- (p) **Agents** the Funding 1 Security Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) 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 in connection with these presents. The Funding 1 Security Trustee shall not be in any way responsible for any liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent,
- (q) **Ratings** the Funding 1 Security Trustee shall have no responsibility for the maintenance of any rating of any of the Notes by the Rating Agencies or any other person,
- (r) **Depreciation in value** until the delivery of an Intercompany Loan Acceleration Notice, the moneys standing to the credit of any account comprised in the Funding 1 Charged Assets shall be dealt with in accordance with the provisions of the Transaction Documents and the Funding 1 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,

- (s) **No requirement to Perform Illegal Acts, etc.:** No provision of these presents or any other Transaction Document shall
- (i) require the Funding 1 Security Trustee to do anything which may be illegal or contrary to applicable law or regulation or the requirements of any regulatory authority or prevent the Funding 1 Security Trustee from doing anything which is necessary or desirable to comply with any applicable law or regulation or the requirements of any regulatory authority, or
 - (ii) require the Funding 1 Security Trustee, and the Funding 1 Security Trustee shall not be bound, to do anything which may cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions or otherwise in connection with these presents or any other Transaction Document (including, without limitation, forming any opinion or employing any such person as is referred to in Clause 14(a)), if it shall believe that repayment of such funds is not assured to it or it is not indemnified to its satisfaction against such Liability and, for this purpose, the Funding 1 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, provided that if the Funding 1 Security Trustee is required to appoint an administrative receiver pursuant to Clause 8.2 (Administrative receiver) hereof, the Funding 1 Security Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against Funding 1 under the Funding 1 Deed of Charge and the security that it has in respect of such rights
- (t) **Responsibility for Reports:** except where expressly provided otherwise in the Funding 1 Transaction Documents, if the Funding 1 Security Trustee receives any information provided to it under to the terms of the Funding 1 Transaction Documents for information purposes only, the Funding 1 Security Trustee will not and is not expected routinely to review or to monitor such information,
- (u) **Auditors Reports and Certificates** any certificate or report of the Auditors called for by or provided to the Funding 1 Security Trustee in accordance with or for the purposes of these presents may be relied upon by the Funding 1 Security Trustee without further investigation or enquiry as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Funding 1 Security Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors in respect thereof,
- (v) **Limitation of Liability** subject to Clause 15, the Funding 1 Security Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any of the Funding 1 Transaction Documents or any other documents entered into in connection therewith or any other document or any obligation 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 thereby or pursuant thereto, 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 decisions of any court and (without prejudice to the generality of the foregoing) the Funding 1 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

- (i) the nature, status, creditworthiness or solvency of Funding 1 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 Funding 1,
- (ii) the execution, delivery, legality, validity, adequacy, admissibility in evidence or enforceability of any Funding 1 Transaction Document or any other document entered into in connection therewith,
- (iii) the title, ownership, value, sufficiency, enforceability or existence of any Funding 1 Charged Assets or any security (howsoever described) relating thereto,
- (iv) the registration, filing, protection or perfection of any security (howsoever described) relating to the Funding 1 Charged Assets or the priority of the security (howsoever described) thereby created whether in respect of any initial advance or any subsequent advance or any other sums or liabilities,
- (v) investigating, monitoring or supervising the observance or performance by any person in respect of any Funding 1 Charged Assets or otherwise,
- (vi) the scope or accuracy of any representations, warranties or statements made by or on behalf of Funding 1 or any other person or entity who has at any time provided the same in any Funding 1 Transaction Document or in any document entered into in connection therewith,
- (vii) the performance or observance by Funding 1 or any other person of any provisions of any Funding 1 Transaction Document or 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 howsoever described contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing,
- (viii) 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 any Funding 1 Charged Assets or Funding 1 Transaction Document,
- (ix) the title of Funding 1 to any Funding 1 Charged Assets,
- (x) the suitability, adequacy or sufficiency of any applicable criteria for any advances under the Intercompany Loan Agreement or the legality or recoverability or enforceability thereof or the priority of any security (howsoever described) in relation thereto,
- (xi) the failure by Funding 1 to obtain or comply with any licence, consent or other authority in connection with the Funding 1 Charged Assets or the Funding 1 Transaction Documents or the making of any advances in connection therewith or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security (howsoever described) created or purported to be created by or pursuant to any of the Funding 1 Charged Assets or the Funding 1 Transaction Documents or other documents entered into in connection therewith,
- (xii) the failure to call for delivery of documents of title to or require any transfers, legal mortgages, charges or other further assurances in relation to any of the assets that

are the subject matter of any of the Funding 1 Transaction Documents or any other document,

- (xiii) any assets comprised in the security (howsoever described) created by the Funding 1 Deed of Charge, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Funding 1 Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Funding 1 Security Trustee,
- (xiv) any deficiency which might arise because the Funding 1 Security Trustee is subject to any Tax in respect of all or any of the Funding 1 Charged Assets, the income therefrom or the proceeds thereof,
- (xv) any accounts, books, records or files maintained by Funding 1 or any other person in respect of any of the Funding 1 Charged Assets or Funding 1 Transaction Documents, or
- (xvi) any other matter or thing relating to or in any way connected with any Funding 1 Charged Assets or any Funding 1 Transaction Document or any document entered into in connection therewith whether or not similar to the foregoing,
- (w) **Deficiency or Additional Payment** The Funding 1 Security Trustee shall have no responsibility whatsoever to any Funding 1 Secured Creditor as regards any deficiency or additional payment, as the case may be, **which** might arise because the Funding 1 Security Trustee is subject to any Tax in respect of the Funding 1 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 Funding 1 Secured Creditor,
- (x) **Duties and Responsibilities of Funding 1 Security Trustee** the Funding 1 Security Trustee has no duties or responsibilities except those expressly set out in this Deed or in the Funding 1 Transaction Documents or under the general law
- (y) **No transfer of obligations** notwithstanding anything else in this Deed, the Funding 1 Security Trustee does **not** assume and will not be obliged to perform any obligations of any other Party
- (z) **No obligation to insure** the Funding 1 Security Trustee shall not be under any obligation to insure in respect of any of Funding 1 Charged Assets or to require any other person to maintain any such insurance
- (aa) The Funding 1 Security Trustee shall not be liable for any decisions of the Cash Manager in relation to the Funding 1 Eligible Bank GIC Account, the Funding 1 Collateralised GIC Account, the Eligible Custody Agreement or the Funding 1 Collateral Security Agreement. The Funding 1 Security Trustee shall accept without enquiry that the conditions required to open any of these accounts and the entry into of any related agreements including any Eligible Custody Agreement or the Funding 1 Collateral Security Agreement, are satisfied and it shall not otherwise monitor that any of the conditions to opening or entry are satisfied. The Funding 1 Security Trustee shall not be obliged to give its consent or otherwise act in relation to these accounts and agreements where, in the opinion of the Funding 1 Security Trustee, to do so would result in the imposition of an increase in its obligations or duties, or decrease in its rights or protections ”

15. FUNDING 1 SECURITY TRUSTEE'S LIABILITY

None of the provisions of these presents shall, in any case in which the Funding 1 Security Trustee has failed to show the degree of care and diligence required of it as trustee of these presents, having regard to the provisions of these presents and any of the other Funding 1 Transaction Documents to which the Funding 1 Security Trustee is a party conferring on the Funding 1 Security Trustee any powers, authorities or discretions, relieve or indemnify the Funding 1 Security Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in respect of any wilful default, wilful misconduct or negligence of which it may be guilty in relation to its duties under these presents

16. FUNDING 1 SECURITY TRUSTEE CONTRACTING WITH FUNDING 1

Neither the Funding 1 Security Trustee nor any director or officer or holding company or associated company of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with Funding 1 or any other party to the Transaction Documents or any person or body corporate associated with Funding 1 or any other party to the Transaction Documents (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Notes or any other notes, bonds, stocks, shares, debenture stock, debentures or other securities of, the Issuer, Funding 1 or any other party to the Transaction Documents or any person or body corporate associated as aforesaid), or
- (b) accepting or holding the trusteeship of any trust deed constituting or securing any notes issued by or relating to Funding 1 or any other party to the Transaction Documents or any such person or body corporate so associated or any other office of profit under Funding 1 or any other party to the Transaction Documents or any such person or body corporate so associated,

and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in (a) above or, as the case may be, any such trusteeship or office of profit as is referred to in (b) above without regard to the interests of the Funding 1 Secured Creditors and notwithstanding that the same may be contrary or prejudicial to the interests of the Funding 1 Secured Creditors and shall not be responsible for any liability occasioned to the Funding 1 Secured Creditors thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith

Where any holding company, subsidiary or associated company of the Funding 1 Security Trustee or any director or officer of the Funding 1 Security Trustee acting other than in such capacity as director or officer has any information, the Funding 1 Security Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have express notice pursuant to this Deed of such information, shall not be responsible for any loss suffered by any Funding 1 Secured Creditors resulting from the Funding 1 Security Trustee's failing to take such information into account in acting or refraining from acting under or in relation to these presents

17. NEW FUNDING 1 SECURITY TRUSTEE

17.1 New Funding 1 Security Trustee

The power to appoint a new trustee of these presents shall be vested in Funding 1 but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class D Noteholders. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Funding 1 Security Trustee by these presents provided that a Trust Corporation shall be included in such majority. Any appointment of a new trustee of these presents shall as soon as practicable thereafter be notified by Funding 1 to the Funding 1 Secured Creditors, the Principal Paying Agent, the Transfer Agent, the Registrar, the Noteholders and the Rating Agencies.

17.2 Separate and Co-Trustees

Notwithstanding the provisions of sub-clause 17.1 above, the Funding 1 Security Trustee may, with the prior written consent of all of the Funding 1 Secured Creditors, appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Funding 1 Security Trustee.

- (a) if the Funding 1 Security Trustee considers such appointment to be in the interests of the Funding 1 Secured Creditors,
- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed, 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 these presents or any of the other Funding 1 Transaction Documents against Funding 1 or any other party thereto.

Funding 1 irrevocably appoints the Funding 1 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 these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Funding 1 Security Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Funding 1 Security Trustee shall have power in like manner to remove any such person, with the prior written consent of all of the Funding 1 Secured Creditors. Such reasonable remuneration as the Funding 1 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 Funding 1 Security Trustee.

18. FUNDING 1 SECURITY TRUSTEE'S RETIREMENT AND REMOVAL

- 18.1 A trustee of this Deed may retire at any time on giving not less than three months' prior written notice to Funding 1 without giving any reason and without being responsible for any costs incurred by reason of such retirement. The Noteholders may by Extraordinary Resolution of each Class of Noteholders instruct the Note Trustee to instruct the Issuer Security Trustee to remove any trustee or trustees for the time being of these presents. Funding 1 undertakes that in the event of the only trustee of these presents which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution of each Class of Noteholders it will use its best endeavours to

procure that a new trustee of these presents being a Trust Corporation is appointed as soon as reasonably practicable thereafter

- 18.2 In the event that a deficiency or additional payment, as the case may be, arises because the Funding 1 Security Trustee is subject to any Tax in respect of the Funding 1 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 Funding 1 Secured Creditor, then such Funding 1 Secured Creditor shall be entitled to remove the Funding 1 Security Trustee
- 18.3 The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed. If a successor trustee being a Trust Corporation has not been appointed within two months after the date of the notice of retirement of the Funding 1 Security Trustee, then the retiring Funding 1 Security Trustee may appoint its own successor trustee being a Trust Corporation (provided that such successor trustee is acceptable to the Rating Agencies and agrees to be bound by the terms of the Transaction Documents, and further provided that the Rating Agencies confirm that the current ratings of the Notes shall not be reduced, withdrawn or qualified as a result of such appointment)

19. FUNDING 1 SECURITY TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Funding 1 Security Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Funding 1 Security Trustee by the general law or as a holder of any of the Notes

20. FUNDING 1 POWER OF ATTORNEY

Funding 1, by way of security, irrevocably and severally appoints the Funding 1 Security Trustee, each Receiver and any of its delegates or sub-delegates to be its attorney to take any action which Funding 1 is obliged to take under this Deed. Funding 1 ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause

21. FURTHER ASSURANCES

Funding 1 must, at its own expense, take whatever action the Funding 1 Security Trustee or a Receiver may require for

- (a) creating, perfecting or protecting any security intended to be created by this Deed, or
- (b) facilitating the realisation of any Funding 1 Charged Asset, or the exercise of any right, power or discretion exercisable by the Funding 1 Security Trustee or any Receiver or any of its delegates or sub-delegates in respect of any Funding 1 Charged Asset

This includes

- (i) the execution of any transfer, conveyance, assignment, assignation or assurance of any property, whether to the Funding 1 Security Trustee or to its nominee, or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Funding 1 Security Trustee may think expedient

22. ADDITIONAL PROVISIONS RELATING TO FUNDING 1 SECURITY

22.1 Continuing Security

The Funding 1 Security will remain in force as continuing security for the Funding 1 Secured Liabilities notwithstanding any settlement of account or the existence at any time of a credit balance on any Funding 1 Bank Account or other account or any other act, event or matter

22.2 No merger

The Funding 1 Security is in addition to, and will not be merged in, or in any way exclude or prejudice any other Security Interest or other right which the Funding 1 Security Trustee or any other Funding 1 Secured Creditor may now or at any time have (or would apart from the Funding 1 Security have) as regards Funding 1 or any other person in respect of the Funding 1 Secured Liabilities

22.3 Avoidance of security or payment

- (a) If an amount paid to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors under a Funding 1 Transaction Document is capable of being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed
- (b) Any settlement, discharge or release between Funding 1 and the Funding 1 Security Trustee (or any Receiver) will be conditional upon no security or payment granted or made to the Funding 1 Security Trustee (or any Receiver, as the case may be) by Funding 1 or any other person being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force
- (c) If any security or payment is avoided or reduced in the circumstances described in paragraph (a) above, then the Funding 1 Security Trustee (or any Receiver, as the case may be) will be entitled to recover the value or amount of such security or payment from Funding 1 as if the relevant settlement, discharge or release had not occurred

22.4 Retention of Funding 1 Security

- (a) If the Funding 1 Security Trustee has grounds for believing that Funding 1 may be unable to pay its debts as they fall due as at the date of any payment made by Funding 1 to the Funding 1 Security Trustee or any of the other Funding 1 Secured Creditors, then the Funding 1 Security Trustee may retain the Funding 1 Security until the expiry of a period of (subject to paragraph (b) below) one month plus the statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all Funding 1 Secured Liabilities notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Funding 1 Security Trustee on, or as a consequence of, such payment or discharge of liability
- (b) If, at any time within the period referred to in paragraph (a) above, any person presents a petition, or files documents with a court or any registrar for the winding-up or administration of Funding 1 or any analogous proceedings are commenced by or against Funding 1, the Funding 1 Security Trustee may continue to retain the Funding 1 Security for such further period as it may determine and the Funding 1 Security will be deemed to continue to be held as security for the payment and discharge to the Funding 1 Security Trustee of all of the Funding 1 Secured Liabilities

22.5 Change of name, etc.

This Deed will remain valid and enforceable notwithstanding any change in the name, composition or constitution of the Funding 1 Security Trustee or Funding 1 or any merger, amalgamation or consolidation by the Funding 1 Security Trustee or Funding 1 with any other corporation

23. SET-OFF

- (a) The Funding 1 Security Trustee may at any time following an Intercompany Loan Event of Default (without notice and notwithstanding any settlement of account or other matter)
 - (i) combine or consolidate all or any existing accounts of Funding 1 whether in its own name or jointly with others and held by it or any Funding 1 Secured Creditor,
 - (ii) set-off or transfer all or any part of any credit balance or any sum standing to the credit of any account referred to in paragraph (i) above (whether or not the same is due to Funding 1 from the Funding 1 Security Trustee or relevant Funding 1 Secured Creditor and whether or not the credit balance and the account in debit or Funding 1 Secured Liabilities are expressed in the same currency) in or towards satisfaction of any of Funding 1 Secured Liabilities, and/or
 - (iii) in its discretion, estimate the amount of any liability of Funding 1 which is contingent or unascertained and set-off such estimated amount
- (b) No amount will be payable by the Funding 1 Security Trustee to Funding 1 unless and until all Funding 1 Secured Liabilities have been ascertained and fully repaid or discharged

24. RELEASE

24.1 Upon discharge of Funding 1 Secured Liabilities

At the end of Funding 1 Security Period, the Funding 1 Security Trustee will, at the cost of Funding 1, take whatever action is necessary to release Funding 1 Charged Assets from Funding 1 Security to, or to the order of, Funding 1

24.2 Authorised Investments

Upon Funding 1 or the Cash Manager on its behalf making a disposal of an Authorised Investment charged under this Deed and provided that the proceeds of such disposal are paid into the Funding 1 GIC Account in accordance with the terms of this Deed and the Cash Management Agreement, such Authorised Investment will be deemed to be released from Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1 or the Cash Manager, take such reasonable action as is necessary to release that Authorised Investment from Funding 1 Security

24.3 Trust Property

Upon the repurchase by the Seller from the Mortgages Trustee of any Loan and its Related Security charged under this Deed in accordance with the terms of the Mortgage Sale Agreement, such Loan and its Related Security shall no longer form part of the Trust Property (or, in the case of any Scottish Loan and its Related Security, the Scottish Trust Property in accordance with Clause 8 (Termination of Trust) of the relevant Scottish Declaration of Trust) and shall be released from the Funding 1 Security and the Funding 1 Security Trustee will, at the request and cost of Funding 1, take whatever action is necessary to release that Loan and its Related Security from the Funding 1 Security

24.4 Funding 1 Bank Accounts

For the avoidance of doubt, all amounts which the Cash Manager (on behalf of Funding 1 and the Funding 1 Security Trustee or its appointee) is permitted to withdraw from Funding 1 Bank Accounts pursuant to Clause 6 2 (Funding 1 Bank Accounts), Clause 6 3 (Priority of payments for Funding 1 Available Revenue Receipts – prior to service of an Intercompany Loan Acceleration Notice) or Clause 6 4 (Withdrawals from Funding 1 Transaction Account – prior to service of an Intercompany Loan Acceleration Notice) will be deemed to be released from Funding 1 Security upon the relevant withdrawal provided that, where the relevant amount is transferred to another Funding 1 Bank Account, it will become subject to Funding 1 Security in respect of that other Funding 1 Bank Account

24.5 No liability for loss

The Funding 1 Security Trustee will not be liable to Funding 1 or any other person for any loss, costs, claims or liabilities arising in connection with its acting upon a request made under this Clause and/or any release made under this Clause

25. FUNDING 1 REPRESENTATIONS

25.1 Title

Funding 1 represents to the Funding 1 Security Trustee that it is the beneficial owner of the Funding 1 Charged Assets and that the Funding 1 Charged Assets are free of any Security Interests (except for those created by or under this Deed) and any other rights or interests (including any licences) in favour of third parties

25.2 No restriction

Funding 1 represents to the Funding 1 Security Trustee that, as at each Closing Date, none of its property, assets and/or undertaking are subject to any restriction (whether contractual or otherwise) that may render the Security Interests granted by Funding 1 under this Deed ineffective or which otherwise prohibit the grant of such Security Interests

25.3 Steps taken

Funding 1 represents to the Funding 1 Security Trustee that it has taken all necessary steps to enable it to create the Funding 1 Security in accordance with this Deed and has taken no actions or steps which will or may prejudice its rights, title and interest in, to and under the Funding 1 Charged Assets

25.4 Funding 1 Charged Documents

Funding 1 represents to the Funding 1 Security Trustee that

- (a) each Funding 1 Charged Document is its legally binding, valid, and enforceable obligation,
- (b) it is not in default of any of its obligations under any Funding 1 Charged Document,
- (c) there is no prohibition on assignment in any Funding 1 Charged Document, and
- (d) its entry into and performance of this Deed will not conflict with any term of any Funding 1 Charged Document

25.5 Nature of security

Funding 1 represents to the Funding 1 Security Trustee that this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on its liquidation or administration or otherwise, except that Security Interests expressed to be fixed may take effect as floating charge security

25.6 United States Activities

Funding 1 represents to the Funding 1 Security Trustee that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles and will not hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles

25.7 Centre of main interests and establishment

Funding 1 represents to the Funding 1 Security Trustee that its “centre of main interests” for the purposes of the Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and it does not have any “establishment” (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England

25.8 Times for making representations

- (a) The representations set out in this Deed (including in this Clause) are made on the date of this Deed
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Funding 1 on each date during Funding 1 Security Period
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition

26. FUNDING 1 COVENANTS

26.1 Negative pledge

Save with the prior written consent of the Funding 1 Security Trustee or unless otherwise permitted under any of the Funding 1 Transaction Documents, Funding 1 undertakes not to, so long as any of the Funding 1 Secured Liabilities remain outstanding, create or permit to subsist any Security Interest (unless arising by operation of law) over any of its assets or undertaking

26.2 Registration of Funding 1 Security

Funding 1 undertakes to make a filing with the Registrar of Companies of duly completed Forms MG01 in respect of itself together with an executed original of this Funding 1 Deed of Charge within the applicable time limit

26.3 Centre of main interests and establishment

Funding 1 undertakes to conduct its business and affairs such that, at all relevant times, its “centre of main interests” for the purposes of the Insolvency Regulation and the UNCITRAL Implementing

Regulations will be and remain in England and it will not have any "establishment" (as defined in the Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England

26.4 Maintenance of hedging arrangements

Funding 1 undertakes that it will at all times maintain appropriate Funding 1 Swaps, on terms that are necessary in order to maintain the initial ratings for each applicable Series and Class (or Sub-Class) of Notes

26.5 Funding 1 Profit Amount

Funding 1 shall consider from time to time the level of the Funding 1 Profit Amount and if Funding 1 determines that a change in such level is appropriate in all the circumstances, then Funding 1 shall certify, with a copy to the Rating Agencies and the Mortgages Trustee, to the Funding 1 Security Trustee that its tax position shall not be adversely affected thereby

27. EVIDENCE OF INDEBTEDNESS

- (a) In any action, proceedings or claim relating to this Deed or the Funding 1 Security, any statement (which will contain information in reasonable detail in support thereof) as to
 - (i) any amount due to any Funding 1 Secured Creditor,
 - (ii) all or any part of the Funding 1 Secured Liabilities, or
 - (iii) any amounts which have been notified to the Funding 1 Security Trustee as being amounts due to any Funding 1 Secured Creditor,

in each case, which is certified as being correct by an officer of the Funding 1 Security Trustee or an officer of the relevant Funding 1 Secured Creditor will be conclusive evidence that such amount is in fact due and payable

- (b) Each Funding 1 Secured Creditor (other than the Funding 1 Security Trustee) shall, upon reasonable request, provide to the Funding 1 Security Trustee information regarding the Funding 1 Secured Liabilities that are owed to it, provided that such Funding 1 Secured Creditor is satisfied (acting reasonably) that adequate confidentiality arrangements are in place between it and the Funding 1 Security Trustee with regard to the provision of such information

28. RIGHTS CUMULATIVE

The respective rights of the Funding 1 Security Trustee and any Receiver under this Deed

- (a) may be exercised as often as necessary,
- (b) are cumulative and not exclusive of its rights under the general law, and
- (c) may be waived only in writing and specifically

Delay in exercising or non-exercise of any right is not a waiver of that right

29. SEVERABILITY

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed, or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed

30. COUNTERPARTS

This Deed may be executed and delivered in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same deed and any Party may enter into the same by executing and delivering a counterpart (including by facsimile)

31. NOTICES

All notices and other communications to be made under or in respect of this Agreement will be made in accordance with Schedule 2 (Notices) of the Master Definitions and Construction Schedule

32. ASSIGNMENT

Neither Funding 1 nor any of the Funding 1 Secured Creditors may assign, encumber or transfer all or any part of its rights or benefits and/or transfer its obligations under this Deed without the prior written consent of the Funding 1 Security Trustee, save that the Issuer may assign its rights under this Deed without such consent to the Issuer Security Trustee under the Issuer Deed of Charge

33. LANGUAGE

- (a) Any notice given in connection with this Deed must be in English
- (b) Any other document provided in connection with this Deed must be
 - (i) in English, or
 - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document

34. CONFIRMATION OF EACH PARTY

Each party hereto (other than the Funding 1 Security Trustee and the Issuer Security Trustee) agrees and confirms that, in respect of itself, the terms of the Transaction Documents to which it is a party are *bona fide*, and it is entering each Transaction Document to which it is a party (i) without reliance on any other party, (ii) in good faith and (iii) for the purposes of carrying on its business and its entry in to the Transaction Documents to which it is a party may reasonably be regarded as being in the best commercial interests of it as promoting its success for the benefit of its members as a whole

35. LAW AND JURISDICTION

35.1 Governing Law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law

35.2 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, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts

(including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed) 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 proceedings

35.3 Service of process

The Mortgages Trustee confirms that it has irrevocably and unconditionally appointed Sanne Group (UK) Limited at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP or otherwise at its registered office for the time being as its agent for service of process in England in respect of any proceedings in respect of this Deed and undertakes that in the event of Sanne Group (UK) Limited ceasing so to act it will appoint another person with a registered office in London as its agent for service of process

36. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

37. EFFECTIVENESS OF EXECUTION

This Deed shall be fully effective and binding upon Funding 1 and the Funding 1 Security Trustee upon at least once copy of this Deed having been executed and delivered by both Funding 1 and the Funding 1 Security Trustee notwithstanding that any other person expressed to be a party to this Deed has not then executed and delivered this Deed and notwithstanding any such party has executed or executes and has delivered or delivers a counterpart of this Deed

SCHEDULE 1

FORM OF ACCESSION DEED

THIS DEED is made on []

BETWEEN

- (1) **ARKLE FUNDING (NO.1) LIMITED**, a company incorporated in England and Wales with limited liability (registered number 05941595) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**Funding 1**),
- (2) **ARKLE MASTER ISSUER PLC**, a company incorporated in England and Wales with limited liability (registered number 05941709) and having its registered office at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**the Issuer**),
- (3) **ARKLE FINANCE TRUSTEE LIMITED**, a company incorporated in Jersey with limited liability (registered number 94604) and having its registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands (**the Mortgages Trustee**),
- (4) **LLOYDS BANK PLC** (registered number 00002065), a public limited company incorporated under the laws of England and Wales acting through its office at 10 Gresham Street, London EC2V 7AE (with respect to the Funding 1 GIC Account) and through its branch at Bailey Drive, Gillingham, Kent, ME8 0LS (with respect to the other Funding 1 Bank Accounts) (in its capacities as the **Seller**, the **Servicer**, the **Cash manager**, the **Funding 1 Account Bank**, the **Funding 1 Swap Provider**, the **Funding 1 Start-up Loan Provider** and **Z Loan Provider**),
- (5) **THE BANK OF NEW YORK MELLON**, a New York banking corporation acting through its London branch at 40th Floor, One Canada Square, London E14 5AL (acting in its capacities as **Funding 1 Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under this Deed) and **Issuer Security Trustee** (which expression includes such company and all other persons or companies for the time being acting as security trustee under the Issuer Deed of Charge)),
- (6) **SANNE GROUP (UK) LIMITED** (registered number 05918184), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2nd Floor, Pollen House, 10 Cork Street, London W1S 3NP (**the Funding 1 Corporate Services Provider** and the **Holdings Corporate Services Provider**), and
- (7) [*new Funding 1 Secured Creditor*] (**the New Funding 1 Secured Creditor**)

NOW THIS DEED WITNESSES AS FOLLOWS

WHEREAS

- (A) Pursuant to the terms of a [*describe agreement*] (**the Agreement**) dated [●] made between Funding 1 and the New Funding 1 Secured Creditor, Funding 1 has agreed to [*describe nature of the obligations of Funding 1 under the Agreement*]
- (B) Funding 1 has agreed to provide the Funding 1 Security Trustee with the benefit of the security described in the Funding 1 Deed of Charge to secure Funding 1's obligations to the Funding 1 Secured Creditors

- (C) The terms of the Funding 1 Deed of Charge permit Funding 1 to secure its obligations to a New Funding 1 Secured Creditor thereunder
- (D) The New Funding 1 Secured Creditor has agreed to enter into this Deed to accede to the provisions of the Funding 1 Deed of Charge
- (E) The Funding 1 Secured Creditors have agreed to enter into this Deed to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Funding 1 Priority of Payments as are required and any other amendment as may be required to give effect to this Accession Undertaking

1. INTERPRETATION

The master definitions and construction schedule signed by, amongst others, the parties to the Funding 1 Deed of Charge and dated 11 December 2014 (as the same may be amended, varied or supplemented from time to time with the consent of the parties thereto) (the **Master Definitions and Construction Schedule**) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Schedule (as so amended, varied or supplemented from time to time) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the Recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in clause 2 of the Master Definitions and Construction Schedule

2. REPRESENTATIONS AND WARRANTIES

The New Funding 1 Secured Creditor hereby represents and warrants to the Funding 1 Security Trustee and each of the Funding 1 Secured Creditors in respect of itself that as of the date of this Deed

- (a) pursuant to the terms of the Agreement, Funding 1 has agreed to pay to the New Funding 1 Secured Creditor the amount (if any) [*describe in relation to the Agreement*], and
- (b) the Agreement expressly provides that all amounts due from Funding 1 thereunder are to be secured by the Funding 1 Deed of Charge

3. ACCESSION

In consideration of the New Funding 1 Secured Creditor being accepted as a Funding 1 Secured Creditor for the purposes of the Funding 1 Deed of Charge by the parties thereto as from the date of this Deed, the New Funding 1 Secured Creditor

- (a) confirms that as from [*date*], it intends to be a party to the Funding 1 Deed of Charge as a Funding 1 Secured Creditor,
- (b) undertakes to comply with and be bound by all of the provisions of the Master Definitions and Construction Schedule (as the same may be amended, varied or restated from time to time) and the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto,
- (c) undertakes to perform comply with and be bound by all of the provisions of the Funding 1 Deed of Charge in its capacity as a Funding 1 Secured Creditor, as if it had been an original party thereto as provided in Clause 4.5 (New Funding 1 Secured Creditors), and

- (d) agrees that the Funding 1 Security Trustee shall be the Funding 1 Security Trustee of the Funding 1 Deed of Charge for all Funding 1 Secured Creditors upon and subject to the terms set out in the Funding 1 Deed of Charge

4. SCOPE OF THE FUNDING 1 DEED OF CHARGE

Funding 1, the New Funding 1 Secured Creditor and the Funding 1 Security Trustee hereby agree that for relevant purposes under the Funding 1 Deed of Charge and the Master Definitions and Construction Schedule

- (a) the Agreement shall be treated as a Funding 1 Transaction Document, and
(b) the New Funding 1 Secured Creditor shall be treated as an Funding 1 Secured Creditor

5. AMENDMENT TO THE FUNDING 1 PRIORITY OF PAYMENTS

The Funding 1 Secured Creditors agree to amend and restate the Funding 1 Priority of Payments in accordance with Appendix 1 hereto

6. APPLICATION

Prior to and following enforcement of the Funding 1 Security all amounts at any time held by Funding 1, the Cash Manager or the Funding 1 Security Trustee in respect of the security created under this Deed shall be held and/or applied by such person subject to and in accordance with the relevant provisions of the Funding 1 Deed of Charge

7. NOTICES AND DEMANDS

Any notice or communication under or in connection with this Deed, the Funding 1 Deed of Charge or the Master Definitions and Construction Schedule shall be given in the manner and at the times set out in Schedule 2 of the Master Definitions and Construction Schedule to the addresses given in this Clause or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing

The address referred to in this Clause 7 for the New Funding 1 Secured Creditor is

[]

For the attention of [●]

Telephone [●]

Facsimile [●]

or such other address and/or numbers as the New Funding 1 Secured Creditor may notify to the parties to the Master Definitions and Construction Schedule in accordance with the provisions thereof

8. CHOICE OF 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

DULY EXECUTED AND DELIVERED AS A DEED by each of the parties hereto or on its behalf on the date appearing on page 1

Funding 1

EXECUTED as a **DEED** by)
ARKLE FUNDING (NO. 1))
LIMITED acting by two)
directors)

Issuer

EXECUTED as a **DEED** by)
ARKLE MASTER ISSUER)
PLC acting by two)
directors)

Mortgages Trustee

EXECUTED as a **DEED** on behalf of)
ARKLE FINANCE TRUSTEE)
LIMITED, a company incorporated in Jersey,)
Channel Islands, by)
being a person who, in)
Accordance with the laws of that territory is acting)
under the authority of the company,)
in the presence of)

Witness's Signature

Name

Address

Funding 1 Account Bank

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)
)

Witness

Name

Address

Seller

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Cash Manager

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Servicer

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Funding 1 Swap Provider

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Start-up Loan Provider

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Z Loan Provider

EXECUTED as a **DEED** by)
LLOYDS BANK PLC)
acting by its attorney)
in the presence of)

Witness

Name

Address

Funding 1 Security Trustee

EXECUTED as a **DEED** by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Issuer Security Trustee

EXECUTED as a **DEED** by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Funding 1 Corporate Services Provider

EXECUTED as a **DEED** by)
SANNE GROUP (UK) LIMITED)
acting by two directors)

Holdings Corporate Services Provider

EXECUTED as a **DEED** by)
SANNE GROUP (UK) LIMITED)
acting by two directors)

[New Funding 1 Secured Creditors]

EXECUTED as a **DEED** by)
[●])
acting by two directors)

SCHEDULE 2

FUNDING 1 PRIORITY OF PAYMENTS

PART 1

FUNDING 1 PRE-ENFORCEMENT REVENUE PRIORITY OF PAYMENTS

1. Calculation of Funding 1 Available Revenue Receipts

On each Funding 1 Calculation Date, the Cash Manager will calculate the amount of Funding 1 Available Revenue Receipts that are available to be applied on the next Funding 1 Payment Date in accordance with the Funding 1 Pre-Enforcement Revenue Priority of Payments

On each Funding 1 Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Funding 1 Available Revenue Receipts to pay items (a) to (d), (f), (h), (j) and (l) of the Funding 1 Pre-Enforcement Revenue Priority of Payments

If there is a deficit, then Funding 1 shall pay or provide for that deficit by the application of Funding 1 Available Principal Receipts (plus any part of the balance of the Cash Accumulation Ledger which is not comprised in Funding 1 Available Principal Receipts), if any, and the Cash Manager shall make a corresponding entry in the relevant Funding 1 Principal Deficiency Sub-Ledger as well as making a debit in the Funding 1 Principal Ledger. Any such entry and debit shall be made and taken into account (including as to which Funding 1 Priority of Payments shall apply) prior to the application of Funding 1 Available Principal Receipts on the relevant Funding 1 Payment Date

Funding 1 may only apply Funding 1 Principal Receipts towards covering a Funding 1 Revenue Deficit Amount on

- (a) the Term AA Advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the AA Principal Deficiency Sub-Ledger is in an amount equal to or less than 75 per cent of the Outstanding Principal Amount of the Term AA Advances,
- (b) the Term A Advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the A Principal Deficiency Sub-Ledger is in an amount equal to or less than 75 per cent of the Outstanding Principal Amount of the Term A Advances,
- (c) the Term BBB Advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BBB Principal Deficiency Sub-Ledger is in an amount equal to or less than 75 per cent of the Outstanding Principal Amount of the Term BBB Advances, and
- (d) the Term BB Advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of Losses), the debit balance of the BB Principal Deficiency Sub-Ledger is in an amount equal to or less than 75 per cent of the Outstanding Principal Amount of the Term BB Advances

Funding 1 Principal Receipts may not be used to pay interest on any Term Advance if and to the extent that would result in a deficiency being recorded, or an existing deficiency being increased on a Principal Deficiency Sub-Ledger relating to a Term Advance with a higher rating designation

2. Distribution of Funding 1 Available Revenue Receipts before service of an Intercompany Loan Acceleration Notice

This section sets out the priority of payments of Funding 1 Available Revenue Receipts as at the Restructuring Date. If Funding 1 enters into New Intercompany Loan Agreements with New Issuers, then this order of priority may change pursuant to Clause 12 of this Funding 1 Deed of Charge.

Except for amounts due to third parties by Funding 1 under item (a) below, which will be paid when due, on each Funding 1 Payment Date (or otherwise in accordance with Clause 6.3 of this Funding 1 Deed of Charge) prior to the service of an Intercompany Loan Acceleration Notice on Funding 1, the Cash Manager will apply (i) the Funding 1 Available Revenue Receipts for such date and (ii) if Funding 1 Available Revenue Receipts for such date are insufficient to pay items (a) to (d), (f), (h), (j) and (l), amounts standing to the credit of the Funding 1 Principal Ledger and the Cash Accumulation Ledger (in the manner described above) in the following priority (the **Funding 1 Pre-Enforcement Revenue Priority of Payments**)

- (a) without priority among them but in proportion to the respective amounts due
 - (i) to pay amounts due to the Funding 1 Security Trustee (including interest and any amount in respect of VAT) and to provide for any amounts due or to become due in the immediately following Funding 1 Interest Period to the Funding 1 Security Trustee under the Funding 1 Deed of Charge,
 - (ii) to pay amounts due to the Issuer equal to items (a) to (c) inclusive of the Issuer Pre-Enforcement Revenue Priority of Payments or, as the case may be, items (a) and (b) of the Issuer Post-Enforcement Priority of Payments (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant third parties), and
 - (iii) any third party creditors of Funding 1 (other than those referred to later in this priority of payments), which amounts have been incurred without breach by Funding 1 of the Funding 1 Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following Funding 1 Interest Period by Funding 1 and to pay or discharge any liability of Funding 1 for corporation tax on any taxable income or chargeable gain of Funding 1,
- (b) without priority among them but in proportion to the respective amounts due
 - (i) towards payment of amounts, if any, due and payable to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement and to provide for any amounts due, or to become due, to the Funding 1 Account Bank in the immediately succeeding Funding 1 Interest Period, under the Funding 1 Bank Account Agreement, and
 - (ii) towards payment of amounts, if any, due and payable to the Eligible GIC Custodian or any agent delegate or sub-delegate of the Eligible GIC Custodian under the terms of and in respect of the Eligible Custody Agreement the Eligible Custody Agreement, and
 - (iii) towards payment of amounts, if any, due and payable to the Funding 1 Corporate Services Provider under the Funding 1 Corporate Services Agreement and the

Holdings Corporate Services Provider under the Holdings Corporate Services Agreement, and

- (iv) towards payment of amounts, if any, due and payable to an Agent Account Bank if appointed pursuant to the terms of the Funding 1 Bank Account Agreement,
- (c) towards payment of all amounts (if any) due and payable to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including termination payments but excluding any related Funding 1 Swap Excluded Termination Amount),
- (d) without priority among them but in proportion to the respective amounts due, towards payment of
 - (i) interest (and, if applicable, Step-up Amounts) due and payable on the Term AAA Advances (other than interest due and payable on the Funding 1 Yield Reserve Term AAA Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term AAA Advances,
- (e) towards a credit to the AAA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (f) without priority among them but in proportion to the respective amounts due, towards payment of
 - (i) interest (and, if applicable, Step-up Amounts) due and payable on the Term AA Advances (other than interest due and payable on the Funding 1 Yield Reserve Term AA Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term AA Advances,
- (g) towards a credit to the AA Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (h) without priority among them but in proportion to the respective amounts due, towards payment of
 - (i) interest (and, if applicable, Step-up Amounts) due and payable on the Term A Advances (other than interest due and payable on the Funding 1 Yield Reserve Term A Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term A Advances,
- (i) towards a credit to the A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (j) without priority among them but in proportion to the respective amounts due, towards payment of

- (i) interest (and, if applicable, Step-up Amounts) due and payable on the Term BBB Advances (other than interest due and payable on the Funding 1 Yield Reserve Term BBB Advances),
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term BBB Advances,
- (k) towards a credit to the BBB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (l) without priority among them but in proportion to the respective amounts due, towards payment of
 - (i) interest (and, if applicable, Step-up Amounts) due and payable on the Term BB Advances (other than interest due and payable on the Funding 1 Yield Reserve Term BB Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term BB Advances,
- (m) towards a credit to the BB Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (n) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment to an Issuer Swap Provider to the extent that they are not satisfied by the payment by the Issuer to the Issuer Swap Provider of any premium the Issuer receives in respect of a replacement swap (but excluding any Issuer Swap Excluded Termination Amount) (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant Issuer Swap Provider),
- (o) towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than (i) the Funding 1 Reserve Required Amount or (ii) following the occurrence of an Arrears or Step-Up Trigger Event, the aggregate of the Funding 1 Reserve Required Amount and the Arrears or Step-Up Trigger Amount, in each case taking into account any net replenishment of the General Reserve Fund on that Funding 1 Payment Date from Funding 1 Available Principal Receipts (pursuant to item (a) of the relevant Funding 1 Pre-Enforcement Principal Priority of Payments),
- (p) if a Liquidity Reserve Fund Rating Event has occurred and is continuing, towards a credit to the Liquidity Reserve Ledger to the extent the amount standing to the credit thereof is less than the Funding 1 Liquidity Reserve Fund Required Amount, taking into account any net replenishment of the Funding 1 Liquidity Reserve Fund on that Funding 1 Payment Date from Funding 1 Available Principal Receipts (pursuant to item (b) of the relevant Funding 1 Pre-Enforcement Principal Priority of Payments),
- (q) towards a credit to the Z Loan Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit on that ledger,
- (r) without priority among them but in proportion to the respective amounts due, towards payment of interest, capitalised interest and fees due and payable on the Z Loans (if any),
- (s) without priority among them but in proportion to the respective amounts due, to pay (without double counting)

- (i) to the Issuer an amount equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant Issuer Swap Provider),
- (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for in this priority of payments (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may (except for the Issuer Profit Amount), at the direction of the Issuer, be paid directly to the relevant third party), and
- (iii) after the occurrence of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event, any Funding 1 Swap Excluded Termination Amount due and payable by Funding 1 under the Funding 1 Swap Agreement,
- (t) towards payment to Funding 1 of the Funding 1 Profit Amount until the Funding 1 Profit Amount has been paid in full,
- (u) towards payments of amounts due to the Start-up Loan Provider under any Start-up Loan made by the Start-up Loan Provider to fund the Funding 1 Yield Reserve Fund,
- (v) without priority among them but in proportion to the respective amounts due, towards payment of any other amounts due to the Start-up Loan Provider under, and in accordance with, the Start-up Loan Agreement, and
- (w) toward payment of any deferred contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed

PART 2

FUNDING 1 PRE-ENFORCEMENT PRINCIPAL PRIORITY OF PAYMENTS

1 Due and payable dates of Term Advances

A Term Advance shall become **due and payable** on the earlier to occur of

- (a) any date specified in relation to such Term Advance in the applicable Intercompany Loan Confirmation and applicable Final Terms,
- (b) the date upon which a Trigger Event occurs,
- (c) the date upon which the Note Trustee serves a Note Acceleration Notice on the Issuer, and
- (d) the date upon which the Funding 1 Security Trustee serves an Intercompany Loan Acceleration Notice on Funding 1

If there are insufficient Funding 1 Available Principal Receipts available to repay a Term Advance when that Term Advance is due and payable (either in full or up to its Scheduled Amortisation Amount), then the shortfall will be repaid on subsequent Funding 1 Payment Dates from Funding 1 Available Principal Receipts until that Term Advance is fully repaid or, as applicable, the Scheduled Amortisation Amount is fully repaid

2. Repayment of Term Advances and Z Loans prior to the occurrence of a Trigger Event and prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice

On each Funding 1 Payment Date (or otherwise in accordance with Clause 6.4 of this Funding 1 Deed of Charge) prior to the occurrence of a Trigger Event or the service on Funding 1 of an Intercompany Loan Acceleration Notice or the service on the Issuer of a Note Acceleration Notice, the Cash Manager shall apply Funding 1 Available Principal Receipts in the following order of priority (the **Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments**)

- (a) to the extent only that monies have been drawn from the General Reserve Fund to make Funding 1 Reserve Principal Payments, towards a credit to the General Reserve Ledger to the extent that the amount standing to the credit thereof is less than the Funding 1 Reserve Required Amount,
- (b) if a Funding 1 Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount,
- (c) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more Term AAA Advances have the same Final Repayment Date, in proportion to the respective amounts due) to repay the principal amounts due (if any) on such Funding 1 Payment Date on the Term AAA Advances, in each case subject to Rules (1) and (2) below,
- (d) in no order of priority among them but in proportion to the respective amounts due, to repay the principal amounts due (if any) on such Funding 1 Payment Date on the Term AA Advances, in each case subject to Rules (1) and (2) below,

- (e) in no order of priority among them but in proportion to the respective amounts due, to repay the principal amounts due (if any) on such Funding 1 Payment Date on the Term A Advances, in each case subject to Rules (1) and (2) below,
- (f) in no order of priority among them but in proportion to the respective amounts due, to repay the principal amounts due (if any) on such Funding 1 Payment Date on the Term BBB Advances, in each case subject to Rules (1) and (2) below,
- (g) in no order of priority among them but in proportion to the respective amounts due, to repay the principal amounts due (if any) on such Funding 1 Payment Date on the Term BB Advances, in each case subject to Rules (1) and (2) below,
- (h) towards a credit to the Cash Accumulation Ledger until the balance is equal to Funding 1's Cash Accumulation Liability (as calculated after any payments are made at item (a) to (g) inclusive of this priority of payments),
- (i) provided that (a) there is no debit balance on the Z Loan Principal Deficiency Sub-Ledger after application of the Funding 1 Available Revenue Receipts on that Funding 1 Payment Date and (b) the repayment restrictions under Rule (2) are not in effect in respect of a Term Advance, then in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Payment Date in respect of the Z Loans in an amount required (if any) to reduce the principal amount outstanding under the Z Loans to the Funding 1 Z Loan Required Amount, in each case subject to Rule (1) below,
- (j) following the repayment in full of all amounts of interest and principal outstanding under the Term Advances, in no order of priority among them, to repay the principal amounts due (if any) on such Funding 1 Payment Date in respect of the Z Loans, and
- (k) the remainder to be credited to the Funding 1 Principal Ledger

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (c), (d), (e), (f), (g) and (i) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments set out above and below

3. Rule (1) – Repayment Deferrals

(A) If on a Funding 1 Payment Date

- (a) there is a debit balance on the BB Principal Deficiency Sub-Ledger, the BBB Principal Deficiency Sub-Ledger, the A Principal Deficiency Sub-Ledger or the AA Principal Deficiency Sub-Ledger, after application of the Funding 1 Available Revenue Receipts on that Funding 1 Payment Date, or
- (b) the Adjusted General Reserve Fund Level is less than the Funding 1 General Reserve Fund Threshold and lower than its level on the previous Funding 1 Payment Date, or
- (c) the aggregate current balance of the Loans in the Mortgages Trust in arrears for more than 90 days divided by the aggregate current balance of all the Loans in the Mortgages Trust (expressed as a percentage) is more than 4 per cent ,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if

- (a) any Term AAA Advance (whether or not such Term AAA Advance is then due and payable) remains outstanding after making the payments under item (c) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (h) thereof, then the Term AA Advances will not be entitled to principal repayments under item (d) thereof,
 - (b) any Term AAA Advance or any Term AA Advance (whether or not such Term AAA Advance or Term AA Advance is then due and payable) remains outstanding after making the payments under items (c) and/or (d) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (h) thereof, then the Term A Advances will not be entitled to principal repayments under item (e) thereof,
 - (c) any Term AAA Advance, any Term AA Advance or any Term A Advance (whether or not such Term AAA Advance, Term AA Advance or Term A Advance is then due and payable) remains outstanding after making the payments under items (c) and/or (d) and/or (e) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (h) thereof, then the Term BBB Advances will not be entitled to principal repayments under item (f) thereof,
 - (d) any Term AAA Advance, any Term AA Advance, any Term A Advance or any Term BBB Advance (whether or not such Term AAA Advance, Term AA Advance, Term A Advance or Term BBB Advance is then due and payable) remains outstanding after making the payments under items (c) and/or (d) and/or (e) and/or (f) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (h) thereof, then the Term BB Advances will not be entitled to principal repayments under item (g) thereof, and/or
 - (e) any Term AAA Advance, any Term AA Advance, any Term A Advance, any Term BBB Advance or any Term BB Advance (whether or not such Term AAA Advance, Term AA Advance, Term A Advance, Term BBB Advance or Term BB Advance is then due and payable) remains outstanding after making the payments under items (c) and/or (d) and/or (e) and/or (f) and/or (g) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments and/or the balance of the Cash Accumulation Ledger is not equal to the Cash Accumulation Liability of Funding 1 after making payments under item (h) thereof, then the Z Loans will not be entitled to principal repayments under item (i) thereof
- (B) If on a Funding 1 Payment Date in respect of which principal in respect of any Term Advance is scheduled to be paid
- (a) for any Term AA Advance, the amount of principal due (or any part thereof) in respect of the Term AA Advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class (or Sub-Class) of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount,

- (b) for any Term A Advance, the amount of principal due (or any part thereof) in respect of the Term A Advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class (or Sub-Class) of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount,
- (c) for any Term BBB Advance, the amount of principal due (or any part thereof) in respect of the Term BBB Advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class (or Sub-class) of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount,
- (d) for any Term BB Advance, the amount of principal due (or any part thereof) in respect of the Term BB Advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related Series and Class (or Sub-class) of Notes, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount,
- (e) for any Z Loans, the amount of principal due (or any part thereof) in respect of the Z Loans may only be paid if, after giving effect to such payment, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class M Available Subordinated Amount is at least equal to the Class M Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount,

save that in calculating the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class M Available Subordinated Amount and the Class C Available Subordinated Amount for the purposes of the above, Stressed Excess Spread will be deemed to be zero

(C) If on a Funding 1 Payment Date

- 1 one or more Bullet Term Advances are within a Cash Accumulation Period at that time, and
- 2 either
 - (i) the Quarterly CPR is less than 10 per cent , or
 - (ii) both
 - (A) the Quarterly CPR is equal to or greater than 10 per cent , but less than 15 per cent , and

(B) the Annualised CPR is less than 10 per cent ,

then on or before their Step-up Dates, the Scheduled Amortisation Term Advances will be entitled to principal repayments under items (c), (d), (e), (f) and (g) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments set out above only to the extent permitted under the Scheduled Amortisation Repayment Restrictions (as defined below)

(D) If on a Funding 1 Payment Date

- 1 one or more Bullet Term Advances and/or Scheduled Amortisation Instalments are within a Cash Accumulation Period at that time,
- 2 the Quarterly CPR is less than 15 per cent , and
- 3 there is a Cash Accumulation Shortfall at that time,

then, on or before their Step-up Dates, the Original Pass-through Term Advances and the Z Loans will be entitled to principal repayments under items (c), (d) (e), (f), (g) and (i) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments above only to the extent permitted under the Pass-through Repayment Restrictions

(E) If on a Funding 1 Payment Date in respect of which principal in respect of any Term AA Advance, Term A Advance, Term BBB Advance and/or Term BB Advance of a particular Series is scheduled to be repaid and, as at such Funding 1 Payment Date, one or more Term AAA Advances of that Series remains outstanding and is not scheduled to be repaid on such Funding 1 Payment Date, such Term AA Advance, Term A Advance, Term BBB Advance and/or Term BB Advance shall only be repaid if confirmation is received from each of the Rating Agencies (or the Rating Agencies rating the then outstanding Notes) that the rating of the Notes then outstanding shall not be reduced, withdrawn or qualified as a result of such repayment

4. Rule (2) – Repayment of payable Pass-through Term Advances after a Step-up Date

Following the occurrence of the Step-up Date under a Term Advance and provided that the Funding 1 Share of the Trust Property is greater than zero, the aggregate amount repaid on a Funding 1 Payment Date in relation to Term Advances (other than Bullet Term Advances or Scheduled Amortisation Instalments) under items (c), (d), (e), (f) and (g) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments shall be limited to an amount calculated as follows

$$\text{Funding 1 Principal Funds} \times \frac{\text{Outstanding Principal Amount of Term Advance}}{\text{Aggregate Outstanding Principal Amount of all Term Advances}}$$

where **Funding 1 principal funds** means in respect of any Funding 1 Payment Date the sum of

- (A) the aggregate of the following amount for each Trust Calculation Period which has ended in the period from the previous Funding 1 Payment Date to the most recent Normal Trust Calculation Date, such amount being the product of
- 1 the Funding 1 Share Percentage as calculated at the start of the relevant Trust Calculation Period, and
 - 2 the aggregate amount of Principal Receipts received by the Mortgages Trustee in the relevant Trust Calculation Period,

- (B) the amount credited to the Funding 1 Principal Deficiency Ledger on the relevant Funding 1 Payment Date, and
- (C) the amount, if any, credited to the Funding 1 Principal Ledger pursuant to item (k) of the Funding 1 Pre-Trigger Event, Pre-Enforcement Principal Priority of Payments on the immediately preceding Funding 1 Payment Date

Allocations involving rule (2)

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more Term Advances exceeds the amount permitted under Rule (2) to be paid in respect of those Term Advances (the **Capped Term Advances**), the excess shall then be reallocated among any other relevant Term Advances at that level using the method of allocation as applies at that level but without reference to the Capped Term Advances in calculating such reallocation. If a further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

5. Repayment of Term Advances and Z Loans after a Non-Asset Trigger event but before service of an Intercompany Loan Acceleration Notice on Funding 1 or service of a Note Acceleration Notice on the Issuer

Following the occurrence of a Non-Asset Trigger Event (where no Asset Trigger Event has occurred) under the Mortgages Trust Deed but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Intercompany Loan Agreement or the service on the Issuer of a Note Acceleration Notice under the Terms and Conditions of the Notes, the Bullet Term Advances and the Scheduled Amortisation Term Advances will be deemed to be Pass-through Term Advances and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority

- (a) to the extent only that monies have been drawn from the General Reserve Fund to make Funding 1 Reserve Principal Payments in respect of a previous Funding 1 Interest Period, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the Funding 1 Reserve Required Amount,
- (b) if a Funding 1 Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount,
- (c) in order of their Final Repayment Dates, beginning with the earliest such date (and if two or more Term AAA Advances have the same Final Repayment Date, in proportion to the respective amounts outstanding) to repay the Term AAA Advances until the Term AAA Advances are fully repaid,
- (d) in no order of priority among them, but in proportion to the respective amounts outstanding, to repay the Term AA Advances until the Term AA Advances are fully repaid,
- (e) in no order of priority among them, but in proportion to the respective amounts outstanding, to repay the Term A Advances until the Term A Advances are fully repaid,

- (f) in no order of priority among them, but in proportion to the respective amounts outstanding, to repay the Term BBB Advances until the Term BBB Advances are fully repaid,
- (g) in no order of priority among them, but in proportion to the respective amounts outstanding, to repay the Term BB Advances until the Term BB Advances are fully repaid, and
- (h) in no order of priority among them, but in proportion to the respective amounts outstanding, to repay the Z Loans until the Z Loans are fully repaid

6. Repayment of Term Advances and Z Loans after an Asset Trigger Event but before service of an Intercompany Loan Acceleration Notice or Acceleration Notice

Following the occurrence of an Asset Trigger Event (whether or not a Non-Asset Trigger Event occurs or has occurred) but prior to the service on Funding 1 of an Intercompany Loan Acceleration Notice under the Intercompany Loan Agreement or the service on the Issuer of a Note Acceleration Notice under the Terms and Conditions of the Notes, the Bullet Term Advances and the Scheduled Amortisation Term Advances will be deemed to be Pass-through Term Advances and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority

- (a) to the extent only that monies have been drawn from the General Reserve Fund to make Funding 1 Reserve Principal Payments in respect of a previous Funding 1 Interest Period, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the Funding 1 Reserve Required Amount,
- (b) if a Funding 1 Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Funding 1 Liquidity Reserve fund up to the Funding 1 Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount,
- (c) without priority among them, but in proportion to the amounts outstanding, to repay the Term AAA Advances until the Term AAA Advances are fully repaid,
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the Term AA Advances until the Term AA Advances are fully repaid,
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the Term A Advances until the Term A Advances are fully repaid,
- (f) without priority among them, but in proportion to the amounts outstanding, to repay the Term BBB Advances until the Term BBB Advances are fully repaid,
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the Term BB Advances until the Term BB Advances are fully repaid, and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the Z Loans until the Z Loans are fully repaid

7. Repayment of Term Advances and Z Loans after service of Note Acceleration Notice but before service of Intercompany Loan Acceleration Notice

If a Note Acceleration Notice is served on the Issuer under the Terms and Conditions of the Notes, then that will not result in automatic enforcement of the Funding 1 Security under the Funding 1

Deed of Charge In those circumstances, however, the Bullet Term Advances and any Scheduled Amortisation Term Advances will be deemed to be Pass-through Term Advances and, on each Monthly Payment Date, Funding 1 will be required to apply Funding 1 Available Principal Receipts in the following priority

- (a) to the extent only that monies have been drawn from the General Reserve Fund to make Funding 1 reserve principal payments, towards a credit to the General Reserve Ledger to the extent the amount standing to the credit thereof is less than the Funding 1 Reserve Required Amount,
- (b) if a Funding 1 Liquidity Reserve Rating Event has occurred and is continuing (i) to initially fund the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount and (ii) once it has been initially funded, to the extent that Funding 1 Available Revenue Receipts are insufficient to do so, to replenish the Funding 1 Liquidity Reserve Fund up to the Funding 1 Liquidity Reserve Fund Required Amount,
- (c) without priority among them, but in proportion to the amounts outstanding, to repay the Term AAA Advances until the Term AAA Advances are fully repaid,
- (d) without priority among them, but in proportion to the amounts outstanding, to repay the Term AA Advances until the Term AA Advances are fully repaid,
- (e) without priority among them, but in proportion to the amounts outstanding, to repay the Term A Advances until the Term A Advances are fully repaid,
- (f) without priority among them, but in proportion to the amounts outstanding, to repay the Term BBB Advances until the Term BBB Advances are fully repaid,
- (g) without priority among them, but in proportion to the amounts outstanding, to repay the Term BB Advances until the Term BB Advances are fully repaid, and
- (h) without priority among them, but in proportion to the amounts outstanding, to repay the Z Loans until the Z Loans are fully repaid

8. Repayment of Term Advances and Z Loans when Funding 1 receives an amount outstanding under the proceeds of a Further Term Advance or a Refinancing Distribution

If either

- (a) the proceeds of a New Term Advance from a New Issuing Entity to Funding 1 are to be used to refinance all or part of a Term Advance under the Intercompany Loan Agreement, or
- (b) Funding 1 has received, or will receive during the Funding 1 Interest Period ending on the relevant Funding 1 Payment Date, a Refinancing Distribution funded by another Beneficiary and either
 - (i) the Issuer has issued, or will issue within the period of 60 days of receipt of that Refinancing Distribution, an Optional Redemption Notice to Noteholders in the circumstances set out in (and in accordance with) the Terms and Conditions of the Notes,
 - (ii) with the consent of Funding 1 and the Funding 1 Security Trustee, the contributing Beneficiary specifies that the proceeds of the Refinancing Distribution are to be

applied (in whole or in part) by Funding 1 towards repayment of all or part of the Term Advance under the Intercompany Loan Agreement, or

- (iii) the contributing Beneficiary is the Seller and the Seller specifies that the proceeds of the Refinancing Contribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the Z Loans,

then Funding 1 will not apply the amount received under the New Term Advance or the relevant Refinancing Distribution as described in the above priorities of payment. Rather, Funding 1 will apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay the relevant Term Advances under the Intercompany Loan Agreement, or (in the case of (b)(iii) above) to repay the Z Loans up to an amount required to reduce the aggregate principal amount outstanding of the Z Loans to the Funding 1 Z Loan required Amount. If (at any time) only one Term Advance is outstanding under the Intercompany Loan Agreement, then Funding 1 shall apply the amount received under the New Intercompany Loan or, as applicable, the relevant Refinancing Distribution to repay such Term Advance.

PART 3

FUNDING 1 POST-ENFORCEMENT PRIORITY OF PAYMENTS

The Funding 1 Security Trustee will apply amounts (other than amounts representing (without double counting) (i) any early termination amount received by Funding 1 under a Funding 1 Swap Agreement which is to be applied in acquiring a replacement swap, (ii) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such collateral has been applied, pursuant to the provisions of the relevant Funding 1 Swap Agreement, to reduce the amount that would otherwise be payable by the Funding 1 Swap Provider to Funding 1 on early termination of the Funding 1 Swap and, to the extent so applied in reduction of the amount otherwise payable by the Funding 1 Swap Provider, such collateral is not to be applied in acquiring a replacement swap and (iii) monies standing to the credit of the Funding 1 Yield Reserve Fund which fund shall be applied in accordance with the Funding 1 Yield Reserve Fund Priority of Payments) received or recovered following the service of an Intercompany Loan Acceleration Notice on Funding 1 on each Funding 1 Payment Date in accordance with the following order of priority (the “**Funding 1 Post-Enforcement Priority of Payments**”)

- (a) without priority among them but in proportion to the respective amounts due
 - (i) to pay amounts due to the Funding 1 Security Trustee and any Receiver appointed by the Funding 1 Security Trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the Funding 1 Security Trustee and the Receiver in the following Funding 1 Interest Period under the Funding 1 Deed of Charge, and
 - (ii) to pay to the Issuer amounts equal to the Issuer's obligations specified in items (a) and (b) of the Issuer Post-Enforcement Priority of Payments (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant third parties),
- (b) without priority among them but in proportion to the respective amounts due
 - (i) towards payment of amounts (if any) due to the Funding 1 Account Bank under the terms of the Funding 1 Bank Account Agreement and to provide for any amounts due, or to become due, to the Funding 1 Account Bank in the immediately succeeding Funding 1 Interest Period, under the Funding 1 Bank Account Agreement,
 - (ii) towards payment of amounts (if any) due and payable to the Eligible GIC Custodian or any agent, delegate or sub-delegate of the Eligible GIC Custodian under the terms of and in respect of the Eligible Custody Agreement,
 - (iii) towards payment of amounts (if any) due to the Cash Manager under the terms of the Cash Management Agreement,
 - (iv) to the Funding 1 Corporate Services Providers under the Funding 1 Corporate Services Agreement and the Holdings Corporate Services Provider under the Holdings Corporate Services Agreement, and
 - (v) towards payment of amounts (if any) due and payable to an Agent Account Bank if appointed pursuant to the terms of the Funding 1 Bank Account Agreement,

- (c) towards payment of amounts (if any) due to the Funding 1 Swap Provider under the Funding 1 Swap Agreement (including any termination payment but excluding any related Funding 1 Swap Excluded Termination Amount),
- (d) without priority among them but in proportion to the respective amounts due, towards payments of
 - (i) interest, Step-up Amounts, principal and fees due and payable on the Term AAA Advances (other than interest due and payable on the Funding 1 Yield Reserve Term AAA Advances),
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term AAA Advances,
- (e) without priority among them but in proportion to the respective amounts due, towards payments of
 - (i) interest, Step-up Amounts, principal and fees due and payable on the Term AA Advances (other than interest due and payable on the Funding 1 Yield Reserve Term AA Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term AA Advances,
- (f) without priority among them but in proportion to the respective amounts due, towards payments of
 - (i) interest, Step-up Amounts, principal and fees due and payable on the Term A Advances (other than interest due and payable on the Funding 1 Yield Reserve Term A Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term A Advances,
- (g) without priority among them but in proportion to the respective amounts due, towards payments of
 - (i) interest, Step-up Amounts, principal and fees due and payable on the Term BBB Advances (other than interest due and payable on the Funding 1 Yield Reserve Term BBB Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term BBB Advances,
- (h) without priority among them but in proportion to the respective amounts due, towards payments of
 - (i) interest, Step-up Amounts, principal and fees due and payable on the Term BB Advances (other than interest due and payable on the Funding 1 Yield Reserve Term BB Advances), and
 - (ii) the Funding 1 Yield Reserve Loan Primary Interest Amount due and payable on the Funding 1 Yield Reserve Term BB Advances,
- (i) towards payment of any amounts due to the Issuer equal to the Issuer's obligations (if any) to make a termination payment due to an Issuer Swap Provider under the Issuer Swap Agreement to the extent it is not satisfied by the payment by the Issuer to the Issuer Swap Provider of any premium Funding 1 receives in respect of a replacement swap (but excluding any related Issuer Swap Excluded Termination Amount) (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant Issuer Swap Provider),

- (j) without priority among them but in proportion to the amounts then due, towards payment of
 - (i) interest, principal and fees due and payable on the Z Loans (if any), and
 - (ii) any other amounts due to the Z Loan Provider under the Z Loan Agreement,
- (k) without priority among them but in proportion to the respective amounts due, to pay (without double counting)
 - (i) amounts due to the Issuer equal to the Issuer's obligations (if any) to pay any Issuer Swap Excluded Termination Amount to an Issuer Swap Provider following an Issuer Swap Provider Default or an Issuer Swap Provider Downgrade Termination Event (as appropriate) (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may, at the direction of the Issuer, be paid directly to the relevant Issuer Swap Provider),
 - (ii) any other amounts due to the Issuer under the Intercompany Loan Agreement and not otherwise provided for earlier in this priority of payments (which amounts are payable by Funding 1 to the Issuer as part of the Facility Fee payable pursuant to the Intercompany Loan Agreement and which may (except for the Issuer Profit Amount), at the direction of the Issuer, be paid directly to the relevant third party),
 - (iii) amounts due to the Funding 1 Swap Provider in respect of Funding 1's obligation to pay any termination amount to the Funding 1 Swap Provider as a result of a Funding 1 Swap Provider Default or a Funding 1 Swap Provider Downgrade Termination Event,
- (l) towards payments of amounts due to the Start-up Loan Provider under any Start-up Loan made by the Start-up Loan Provider to fund the Funding 1 Yield Reserve Fund, and
- (m) without priority among them but in proportion to the amounts then due, towards payment of
 - (i) any other amounts due towards payment of interest, principal and fees due and payable on the Start-up Term Advances (if any) under, and in accordance with, the Start-up Loan Agreement, and
 - (ii) any other amounts due to the Start-up Loan Provider under, and in accordance with, the Start-up Loan Agreement,
- (n) toward payment of any deferred contribution due to the Mortgages Trustee pursuant to the terms of the Mortgages Trust Deed

PART 4

FUNDING 1 YIELD RESERVE FUND PRIORITY OF PAYMENTS

On each Funding 1 Payment Date prior to the service of an Intercompany Loan Acceleration Notice, the Cash Manager or, following the service of an Intercompany Loan Acceleration Notice, the Funding 1 Security Trustee, will apply all amounts standing to the credit of the Funding 1 Yield Reserve Fund in the following order of priority (being the **Funding 1 Yield Reserve Fund Priority of Payments**)

- (a) first, to pay the Funding 1 Excess Margin Interest Amount due on the Funding 1 Yield Reserve Term Advances
 - (i) first, in respect of each Series or Class of Funding 1 Yield Reserve Term AAA Advances, *pro rata* and *pari passu* by applying amounts then standing to the credit of the Funding 1 Yield Reserve AAA Sub-Ledger,
 - (ii) second, in respect of each Series or Class of Funding 1 Yield Reserve Term AA Advances, *pro rata* and *pari passu* by applying amounts then standing to the credit of the Funding 1 Yield Reserve AA Sub-Ledger,
 - (iii) third, in respect of each Series or Class of Funding 1 Yield Reserve Term A Advances, *pro rata* and *pari passu* by applying amounts then standing to the credit of the Funding 1 Yield Reserve A Sub-Ledger,
 - (iv) fourth, in respect of each Series or Class of Funding 1 Yield Reserve Term BBB Advances, *pro rata* and *pari passu* by applying amounts then standing to the credit of the Funding 1 Yield Reserve BBB Sub-Ledger, and
 - (v) fifth, in respect of each Series or Class of Funding 1 Yield Reserve Term BB Advances, *pro rata* and *pari passu* by applying amounts then standing to the credit of the Funding 1 Yield Reserve BB Sub-Ledger,
- (b) second, prior to the service of an Intercompany Loan Acceleration Notice only, if (i) a Funding 1 Yield Reserve Term Advance has been repaid in full and the corresponding Funding 1 Yield Reserve Notes have been redeemed in full on their applicable Funding 1 Yield Reserve Reduction Date, and (ii) if the Start-up Loan Provider (acting in its sole discretion) so elects, then on such Funding 1 Payment Date, to repay the relevant Start-up Loan corresponding to such Funding 1 Yield Reserve Term Advance in an amount up to the Funding 1 Yield Reserve Reduction Amount (such amount as determined by Start-up Loan Provider (acting in its sole discretion)), by applying amounts then standing to the credit of the relevant Funding 1 Yield Reserve Sub-Ledger corresponding to the relevant Funding 1 Yield Reserve Term Advance. For the avoidance of doubt, if a Funding 1 Yield Reserve Term Advance and the corresponding Funding 1 Yield Reserve Notes have not been repaid in full on their applicable Funding 1 Yield Reserve Reduction Date then the relevant Start-up Loan corresponding to such Funding 1 Yield Reserve Term Advance may only be repaid from amounts standing to the credit of the Funding 1 Yield Reserve Fund in accordance with paragraphs (c), (d) and (e) below,
- (c) third, following service of an Intercompany Loan Acceleration Notice only, and after making any payments due to the relevant Term Advances under the Funding 1 Post-Enforcement Priority of Payments, and the determination by the Funding 1 Security Trustee that there are no other available funds for application in accordance with the Funding 1 Post-Enforcement Priority of Payments, to

pay any principal amounts outstanding on the relevant Funding 1 Yield Reserve Term Advances by applying amounts then standing to the credit of the relevant Funding 1 Yield Reserve Sub-ledger corresponding to the relevant Term Advances,

- (d) fourth, on the Funding 1 Payment Date occurring in August 2011, to repay £963,013,876 of principal amounts due to the Start-up Loan Provider under all Start-up Loans made by the Start-up Loan Provider to fund the Funding 1 Yield Reserve Fund by applying amounts then standing to the credit of the Funding 1 Yield Reserve Sub-Ledger corresponding to the Funding 1 Yield Reserve AAA Sub-Ledger,
- (e) fifth, after repayment in full of all Funding 1 Yield Reserve Term Advances corresponding to any relevant Funding 1 Yield Reserve Sub-Ledger and after making any distributions under item (l) of the Funding 1 Post-Enforcement Priority of Payments, to repay the relevant Start-up Loan corresponding to such Funding 1 Yield Reserve Term Advances by applying amounts then standing to the credit of the relevant Funding 1 Yield Reserve Sub-Ledger corresponding to the relevant Funding 1 Yield Reserve Term Advances, and
- (f) sixth, if following repayment in full of all Funding 1 Yield Reserve Term Advances corresponding to any relevant Funding 1 Yield Reserve Sub-Ledger, the relevant Start-up Loan corresponding to the Funding 1 Yield Reserve Term Advances has been repaid in full pursuant to paragraph (e) above, any amounts standing to the credit of the relevant Funding 1 Yield Reserve Sub-Ledger corresponding to the relevant Funding 1 Yield Reserve Term Advances will be made available to Funding 1 and form part of Funding 1 Available Revenue Receipts

THIS DEED has been executed as a deed by each of the Parties and delivered on the date stated at the beginning of this Deed

Funding 1

EXECUTED and DELIVERED as a DEED by)
ARKLE FUNDING (NO. 1))
LIMITED acting by)
Two Directors or a Director and Secretary)
)

Issuer

EXECUTED and DELIVERED as a DEED by)
ARKLE MASTER ISSUER)
PLC acting by)
Two Directors or a Director and Secretary)
)

Mortgages Trustee

EXECUTED and DELIVERED as a DEED by)
ARKLE FINANCE TRUSTEE)
LIMITED, a company incorporated in Jersey,)
Channel Islands, by)
being a person who, in)
Accordance with the laws of that territory is acting)
under the authority of the company,)
in the presence of)
)

Witness's Signature

Witness Name

Witness Address

Funding 1 Account Bank

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)
)

Witness's Signature

Name

Address

Seller

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Cash Manager

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Servicer

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1 Swap Provider

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Start-up Loan Provider

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Z Loan Provider

EXECUTED and DELIVERED as a DEED by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1 Security Trustee

EXECUTED and DELIVERED as a DEED by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Issuer Security Trustee

EXECUTED and DELIVERED as a DEED by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Funding 1 Corporate Services Provider

EXECUTED and DELIVERED as a DEED by)
SANNE GROUP (UK) LIMITED)
acting by two Directors or a Director and Secretary)

Holdings Corporate Services Provider

EXECUTED and DELIVERED as a DEED by)
SANNE GROUP (UK) LIMITED)
acting by two Directors or a Director and Secretary)

SIGNATORIES

The Funding 1 Collateralised GIC Account Bank

EXECUTED and DELIVERED as a DEED)
by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address.

J Wang

Group Corporate Treasury

10 Gresham Street

Funding 1

London

EXECUTED and DELIVERED as a DEED)
by)
ARKLE FUNDING (NO. 1))
LIMITED acting by)
Director)

in the presence of.

Witness's Signature

Witness's Name:

Address

Funding 1 Security Trustee

EXECUTED and DELIVERED as a DEED)
by)
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Name

.....

SIGNATORIES

The Funding 1 Collateralised GIC Account Bank

EXECUTED and DELIVERED as a DEED)
by
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1

EXECUTED and DELIVERED as a DEED)
by
ARKLE FUNDING (NO. 1))
LIMITED acting by)
Director)

in the presence of

Witness's Signature

Witness's Name JENNIFER HONEYWOOD

Address POLLEN HOUSE, 10 CORK STREET,
LONDON W1S 3NP

Funding 1 Security Trustee

EXECUTED and DELIVERED as a DEED)
by
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

Name

SIGNATORIES

The Funding 1 Collateralised GIC Account Bank

EXECUTED and DELIVERED as a DEED)
by
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)

Witness's Signature

Name

Address

Funding 1

EXECUTED and DELIVERED as a DEED)
by
ARKLE FUNDING (NO. 1))
LIMITED acting by)
Director)
in the presence of)

Witness's Signature:

Witness's Name

Address.

Funding 1 Security Trustee

EXECUTED and DELIVERED as a DEED)
by
THE BANK OF NEW YORK MELLON)
acting by its duly authorised signatory)

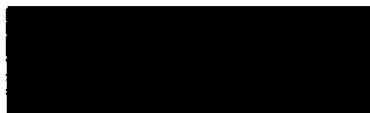
Name.



Arunima Misra
Authorised Signatory

Cash Manager

EXECUTED and DELIVERED as a DEED)
by)
LLOYDS BANK PLC)
acting by its duly authorised attorney)
in the presence of)



Witness's Signature



Name. **J WANG**

Address: **Group Corporate Treasury**
10 Gresham Street
London
EC2V 7AE