

# M

## COMPANIES FORM No. 395

### Particulars of a mortgage or charge

no 4462  
60  
BB  
395

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

CHFP025

Please do not write in this margin

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

Pursuant to section 395 of the Companies Act 1985

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

For official use Company number

171

1682485

Name of company

\* AUTOMOTIVE FINANCIAL SERVICES LIMITED ("AFS")

Date of creation of the charge

29<sup>th</sup> October 1999

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

1999

SUPPLEMENTAL DEED OF CHARGE AND ASSIGNMENT DATED 29<sup>th</sup> October 1999 BETWEEN AFS (1), AUTO FUNDING NO. 3 PLC (2) AUTO FUNDING NO. 2 TRUSTEE LIMITED, (3) BANKERS TRUSTEE COMPANY LIMITED, (4) (THE "SUPPLEMENTAL CHARGE") BEING SUPPLEMENTAL TO THE AFS SECURITISATION CHARGE

Amount secured by the mortgage or charge

SEE PART II OF THE ATTACHED SCHEDULE

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

AUTO FUNDING NO. 3 PLC, THIRD FLOOR, 20 ST. JAMES'S STREET, LONDON

Postcode SW1A 1ES

Presentor's name address and reference (if any):

AUTOMOTIVE FINANCIAL SERVICES  
LIMITED  
Ridgeworth House  
Liverpool Gardens  
Worthing, West Sussex BN11 1RS

For official Use  
Mortgage Section

Post room



Time critical reference

SEE PARTS III AND IV OF THE ATTACHED SCHEDULE

Please do not  
write in  
this margin

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

Particulars as to commission allowance or discount (note 3)

NOT APPLICABLE

Signed

Date 29<sup>th</sup> October 1999

On behalf of [company] [mortgagee/chargee] †

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

† delete as  
appropriate

## Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
  - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
  - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-  
Companies House, Crown Way, Cardiff CF4 3UZ

PART 1

Definitions

Where used in this Schedule and in the Form 395 the following terms have the following meanings:

**Acceptance** means the conclusion of any contract by acceptance of an Offer to Sell in accordance with the terms thereof or the completion of the making of any Lease Receivables Advance and the charging or otherwise securing of the Lease Receivables in respect of which such advance is made by AFS executing the AFS Securitisation Charge or a Supplemental AFS Securitisation Charge;

**Act** means the Law of Property Act 1925;

**Additional Amount** means any additional amount payable pursuant to Clause 10.1(b) of the CIBC Loan Agreement;

**Additional Swap Transaction** means any Back-to-Back Swap Transaction in respect of which a Confirmation executed pursuant to Part 5 of, and the Initial Confirmation appended to, the Schedule and includes any Back-to-Back Swap Transaction other than the Back-to-Back Swap Transaction in respect of which the Initial Back-to-Back Swap Confirmation is executed;

**Administration Agreement** means the administration agreement dated on or about the Closing Date between the Administrator, AFS, the Borrower, CIBC, the Receivables Trustee and the Security Trustee under which the Administrator has agreed to administer the Receivables;

**Administrator** means AFS in its capacity as provider of administration services pursuant to and in accordance with the terms of the Administration Agreement or any other person appointed in substitution for AFS as provider of such services;

**Administrator's Report** means the report to be prepared by the Administrator in accordance with clause 8.1 of the Administration Agreement in respect of each Calculation Period substantially in the form set out in Schedule 1 to the Administration Agreement;

**Advance** means the principal amount of any Tranche A Advance, Tranche B Advance or Tranche C Advance made available to the Borrower under the CIBC Loan Agreement or (as the context requires) the principal amount thereof for the time being outstanding;

**Advance Payment** means any payment (other than a payment representing Prepaid Principal) in respect of any Periodic Payment which is received on any day which is earlier than that on which the relevant Periodic Payment is scheduled to be paid by the Customer under the relevant Receivables Agreement, provided that any such payment will cease to be an Advance Payment on such scheduled payment date;

**Adviser** means Lovell White Durrant unless they cease to act for AFS or the Security Trustee chooses to appoint a different adviser, in which case it shall be any city firm with more than 60 partners that CIBC and the Security Trustee agree on;

**AF2 Administration Agreement** means the administration agreement dated 29 July 1996 as amended from time to time between the Administrator, AFS, the Issuer, the Receivables Trustee and the FRN Trustee under which the Administrator has agreed to administer the AF2 Receivables;

**AF2 Advance Payment** means any payment (other than a payment representing Prepaid Principal) in respect of any Periodic Payment which is received on any day which is earlier than that on which the relevant Periodic Payment is scheduled to be paid by the Customer under the relevant AF2 Receivables Agreement, provided that any such payment will cease to be an AF2 Advance Payment on such scheduled payment date;

**AF2 AFS Credit Warranty** means the warranty given by AFS in clause 7.1(d) of the Standard Terms and Conditions (as incorporated in any AF2 Receivables Sale Contract);

**AF2 AFS Credit Warranty Payment** means any payment made or which AFS is liable to make in respect of a breach of the AF2 AFS Credit Warranty;

**AF2 AFS Entitled Receivables** means amounts scheduled to be paid by Customers under AF2 Receivables Agreements at any time after the AF2 Last Periodic Payment Date and payments made to AFS at any time under such AF2 Receivables Agreements in respect of such amounts and any AF2 AFS Guaranteed Future Value Payments, in each case being amounts which do not constitute Transaction Trust Property or AF2 Transaction Trust Property;

**AF2 AFS Floating Charge** means the floating charge dated 29 July 1996, as amended on 16 September 1996, between AFS, the Issuer and the FRN Trustee in respect of, *inter alia*, HP Asset Contracts which are governed by Scots law;

**AF2 AFS Liquidity Warranty** means the warranty given by AFS in clause 7.1(c) of the AF2 Standard Terms and Conditions;

**AF2 AFS Liquidity Warranty Payment** means any payment made or which AFS is liable to make in respect of a breach of the AF2 AFS Liquidity Warranty;

**AF2 AFS Securitisation Charge** means the deed of charge and assignment dated 29 July 1996, as amended on 16 September 1996, made between AFS, the Issuer and the FRN Trustee under or pursuant to which AFS charges or assigns to the Issuer its interest in, among other things, the AF2 Lease Receivables, the AF2 Lease Assets, the AF2 AFS Securitisation Charged Account and its right to receive the AF2 AFS Transaction Trust Property Entitlement to secure, among other things, the payment or repayment of all amounts which AFS is liable to pay under the AF2 Lease Receivables Loan Facility and any AF2 AFS Warranty Payment, and shall, where the context permits, include any Supplemental AF2 AFS Securitisation Charge and any other security entered into pursuant to such deed of charge and assignment;

**AF2 AFS Transaction Trust Property Entitlement** means on any AF2 Payment Date (and, during the AF2 Substitution Period, on any AF2 Substitution Date) AF2 Distributable Cash less any amount distributable under clause 2.3(a)(i), 2.3(a)(ii)(A) and 2.3(a)(ii)(B) or, as the case may be, clause 2.4(a), 2.4(b)(i) and 2.4(b)(ii) of the Receivables Trust on that date;

**AF2 AFS Warranty Payment** means an AF2 AFS Credit Warranty Payment and/or an AF2 AFS Liquidity Warranty Payment;

**AF2 Asset Contracts** means all sale contracts relating to AF2 Assets which have been repossessed by AFS following default by Customers entered into by AFS following such repossession;

**AF2 Cut-Off Date** means 26 July 1996;

**AF2 Deed of Charge** means the deed of charge and assignment dated 29 July 1996, as amended on 16 September 1996 and on 20 December 1996 between, among others, the Issuer and the FRN Trustee and shall include any supplemental AF2 Deed of Charge entered into in connection with the issue of any Further Notes;

**AF2 Distributable Cash** means in respect of any AF2 Payment Date or, during the AF2 Substitution Period, in respect of any AF2 Substitution Date, those moneys received by, or held to the order of, the

Receivables Trustee on or prior to such AF2 Payment Date or, as the case may be, AF2 Substitution Date being moneys standing to the credit of the Receivables Trustee's AF2 GIC Account which (a) were received in respect of the AF2 Transaction Trust Property during the last AF2 Calculation Period prior to such AF2 Payment Date or during the period from the first day of the then current AF2 Calculation Period to the AF2 Substitution Calculation Date preceding such AF2 Substitution Date (other than payments which on such AF2 Payment Date or AF2 Substitution Date are AF2 Advance Payments) or (b) represent AF2 Advance Payments received during an earlier AF2 Calculation Period which since the last AF2 Calculation Date or, as the case may be, AF2 Substitution Calculation Date have ceased to be classified as AF2 Advance Payments or (c) represent interest, if any, on amounts (including, for the avoidance of doubt, AF2 Advance Payments) credited to any of the Trust Accounts during such AF2 Calculation Period in respect of AF2 Transaction Trust Property or AF2 Lease Trust Property and which are received by it on such AF2 Payment Date or, as the case may be, AF2 Substitution Date *less* any amount distributed to the Issuer under clause 2.2 of the Receivables Trust on any earlier AF2 Substitution Date during such AF2 Calculation Period;

**AF2 Enforcement Notice** means a notice given by the FRN Trustee to the Issuer in accordance with Condition 9 of the Class A Conditions or Condition 10 of the Class B Conditions causing the relevant Notes to become immediately due and payable in full;

**AF2 Entitled Receivables** means amounts scheduled to be paid by Customers under AF2 Receivables Agreements at any time on or before the AF2 Last Periodic Payment Date, being amounts which do not constitute AFS Trust Property or Transaction Trust Property;

**AF2 First Offer to Sell** means the first AF2 Offer to Sell made by AFS to the Issuer and the Receivables Trustee in the form or substantially in the form set out in Schedule 3 to the AF2 Standard Terms and Conditions on 29 July 1996;

**AF2 Further Offer to Sell** means any AF2 Offer to Sell, other than the AF2 First Offer to Sell, which may be made by AFS to the Issuer and the Receivables Trustee during the AF2 Substitution Period in the form or substantially in the form set out in Schedule 3 to the AF2 Standard Terms and Conditions;

**AF2 HP Receivable** means each amount (including any AFS Entitled Receivables), due or outstanding from a Hirer on or at any time after the AF2 Cut-Off Date or, as the case may be, the relevant AF2 Substitution Date under or in respect of an HP Agreement and each payment under such HP Agreement made to AFS at any time in respect of such amounts due on or at any time after the AF2 Cut-Off Date or, as the case may be, the relevant AF2 Substitution Date, the benefit of (or a beneficial interest in) which is held by the Receivables Trustee on the terms of the Receivables Trust;

**AF2 Last Periodic Payment Date** means in relation to each AF2 Receivables Agreement the periodic payment date specified as the due date for the last Periodic Payment in relation to such Receivables Agreement in the AF2 Sold Receivables Listing or, as the case may be, an AF2 Lease Receivables Listing in which details of such Receivables Agreement are set out;

**AF2 Lease Receivable** means each amount due or outstanding from a Lessee on or at any time after the AF2 Cut-Off Date or, as the case may be the relevant AF2 Substitution Date under or in respect of a Lease Agreement specified in the AF2 AFS Securitisation Charge or in a Supplemental AF2 AFS Securitisation Charge and scheduled to be paid by the Lessee on or before the date specified in the AF2 AFS Securitisation Charge or in the relevant Supplemental AF2 AFS Securitisation Charge as the AF2 Last Periodic Payment Date in respect of such Lease Agreement and each payment under such Lease Agreement made to AFS at any time in respect of such amounts due on or at anytime after the AF2 Cut-Off Date or, as the case may be, the relevant AF2 Substitution Date, the benefit of (or a beneficial interest in) which will be charged or assigned by AFS under the AF2 AFS Securitisation Charge as security for, among other things, amounts outstanding under the AF2 Lease Receivables Loan Facility;

**AF2 Lease Receivables Advance** means any advance made or to be made by the Issuer to AFS under the AF2 Lease Receivables Loan Facility;

**AF2 Lease Receivables Listing** means a computer printout (in the agreed form) of AFS's computer records containing, among other things, the information specified in the Appendix to Schedule 4 to the AF2 AFS Securitisation Charge in relation to the AF2 Lease Receivables to be charged by AFS to the Issuer under or pursuant to the AF2 AFS Securitisation Charge or any Supplemental AF2 AFS Securitisation Charge;

**AF2 Lease Receivables Loan Facility** means the loan facility provided by the Issuer to AFS under the AF2 Lease Receivables Loan Facility Agreement;

**AF2 Lease Receivables Loan Facility Agreement** means the loan facility agreement dated 29 July 1996 as amended on 16 September 1996, 20 December 1996 and 26 March 1997 between the Issuer, AFS and the FRN Trustee and any supplemental lease receivables loan facility agreement entered into in connection with the issue of any Further Notes;

**AF2 Lease Trust Property** means the amounts from time to time standing to the credit of any of the Trust Accounts which are derived from or relate to each AF2 Lease Receivable, the Lease Insurances insofar as the same relate to such AF2 Lease Receivable, the Lease Asset to which such AF2 Lease Receivable relates, any Lease Asset Contract entered into in respect of the Lease Asset to which such AF2 Lease Receivable relates and any Ancillary Rights relating thereto;

**AF2 Offer to Sell** means the AF2 First Offer to Sell and/or any AF2 Further Offer to Sell;

**AF2 Payment Date** means an AF2 Interest Payment Date and, following Final Redemption, each day which would, but for Final Redemption, have been an AF2 Interest Payment Date;

**AF2 Personal Loan Receivable** means each amount due or outstanding from a Personal Loan Customer on or at any time after the AF2 Cut-Off Date or, as the case may be, the relevant AF2 Substitution Date under or in respect of an Personal Loan Agreement and each payment under such Personal Loan Agreement made to AFS at any time in respect of such amounts, the benefit of (or a beneficial interest in) which is held by the Receivables Trustee for the benefit of the Issuer on the terms of the Receivables Trust;

**AF2 Protection Notice** means a notice given by the Issuer to Barclays to the effect that it has served an AF2 Enforcement Notice or a notice terminating the appointment of AFS as Administrator under the AF2 Administration Agreement accompanied by a certified copy of such AF2 Enforcement Notice or other notice;

**AF2 Receivables** means the AF2 HP Receivables, the AF2 Personal Loan Receivables and the AF2 Lease Receivables;

**AF2 Receivables Sale Contract** means any agreement for the sale of AF2 HP Receivables and/or AF2 Personal Loan Receivables concluded as a result of acceptance by the Issuer of an AF2 Offer to Sell;

**AF2 Sold Receivables** means the AF2 HP Receivables and the AF2 Personal Loan Receivables which are the subject of an AF2 Offer to Sell which is accepted;

**AF2 Standard Terms and Conditions** means the terms and conditions, as amended on 16 September 1996, to be expressly and specifically incorporated into any AF2 Receivables Sale Contract, signed by Freshfields and Lovell White Durrant for the purposes of identification and includes any supplemental Standard Terms and Conditions entered into in connection with the issue of any Further Notes;

**AF2 Substitution Calculation Date** means the Business Day immediately prior to each AF2 Substitution Date;

**AF2 Substitution Calculation Period** means the period beginning on (and including) 29 July 1996 and ending on (but excluding) the first AF2 Substitution Calculation Date and each successive period

during the AF2 Substitution Period beginning on (and including) an AF2 Substitution Calculation Date and ending on (but excluding) the next AF2 Substitution Calculation Date;

**AF2 Substitution Date** means the 16th day (or if that day is not a Business Day, the next succeeding Business Day) in any month during the AF2 Substitution Period;

**AF2 Substitution Period** means the period from 29 July 1996 to and including the AF2 Substitution Date falling in July 2000;

**AF2 Transaction Documents** means the following:

- (a) the FRN Trust Deed;
- (b) the AF2 Deed of Charge together with each further deed of assignment pursuant to the AF2 Deed of Charge,
- (c) the Notes;
- (d) the Receivables Trust (as amended);
- (e) any AF2 Receivables Sale Contract;
- (f) the AF2 Lease Receivables Loan Facility Agreement dated 29 July 1996 between the Issuer, AFS and the FRN Trustee,
- (g) the AF2 AFS Securitisation Charge together with each Supplemental AF2 AFS Securitisation Charge and each further deed of assignment pursuant to the AF2 AFS Securitisation Charge;
- (h) the AF2 AFS Floating Charge dated 29 July 1996 between AFS, the Issuer and the FRN Trustee in respect of, *inter alia*, AF2 HP Asset Contracts which are governed by Scots law;
- (i) the AF2 AFS Securitisation Floating Charge created by AFS pursuant to clause 3.1.2 of the AF2 AFS Securitisation Charge or pursuant to the AF2 AFS Securitisation Charge;
- (j) the AF2 Interest Rate Exchange Agreement dated 29 July 1996 between the Swap Counterparty and the Issuer;
- (k) the Credit Enhancement Facility Agreement dated 29 July 1996 between UBS, the Issuer and the FRN Trustee;
- (l) the AF2 Administration Agreement dated 29 July 1996 between the Administrator, AFS, the Issuer, the Receivables Trustee and the FRN Trustee;
- (m) the AF2 Corporate Services Agreement dated 29 July 1996 between Broomfield, the Issuer and the Receivables Trustee;
- (n) the Bank Agreement (as amended);
- (o) the AF2 Start-up Loan Agreement dated 29 July 1996 between CMGH, the Issuer and the FRN Trustee;
- (p) the AF2 Subordinated Loan Agreement dated 29 July between CMGH, the Issuer and the FRN Trustee;
- (q) the Receivable Trustee's AF2 Guaranteed Investment Contract dated 29 July 1996 between UBS, the Receivables Trustee and the FRN Trustee;
- (r) the Issuer's Guaranteed Investment Contract dated 29 July 1996 between UBS, the Issuer and the FRN Trustee,

and any other obligation or interest arising or agreement or document executed pursuant to or in connection with any of the above;

**AF2 Transaction Trust Property** means:

- (a) the Initial AF2 Transaction Trust Property;
- (b) all further property which may be transferred by AFS to, or constituted in favour of or otherwise paid to or placed under the control of or held by, the Receivables Trustee as an addition to the AF2 Transaction Trust Property including, without limitation:
  - (i) the benefit of any Further AF2 Sold Receivables and the Ancillary Rights relating thereto;
  - (ii) the benefit of the Further Sold Insurances to the extent that the proceeds of any such Further Sold Insurances are apportioned to the Issuer in accordance with clause 1.3 of the Receivables Trust; and
  - (iii) the benefit of any Asset Contract entered into in respect of the Asset from which each such Further AF2 Sold Receivable derives to the extent that the proceeds of any such Asset Contract are apportioned to the Issuer in accordance with clause 1.3 of the Receivables Trust; and
  - (iv) the Initial AF2 Scottish Beneficial Interest and the beneficial interest in and under any Scottish Completion Trusts in respect of any AF2 Sold Receivables to the extent that the proceeds of any such Scottish Completion Trusts are apportioned to the Issuer in accordance with clause 1.3 of the Receivables Trust; and
  - (v) the AF2 AFS Floating Charge and the whole right, title, benefit and interest of the Receivables Trustee therein, thereunder and pursuant thereto, including, without limitation, the floating charge created thereby and the rights, powers and immunities relating thereto to the extent that the proceeds of any such AF2 Floating Charge are apportioned to the Issuer in accordance with clause 1.3 of the Receivables Trust;
- (c) all moneys, investments and property from time to time representing or derived from the property referred to in (b) above including, without limitation, moneys deposited in the Trust Accounts insofar as they relate to the AF2 Sold Receivables, but, for the avoidance of doubt, excluding any AFS Trust Property, AF2 Lease Trust Property, Transaction Trust Property and Lease Trust Property and all rights and interests of the Receivables' Trustee in and to the foregoing;

**AF2 Trust Property** means (i) the benefit of the AF2 Entitled Receivables and (ii) all amounts standing to the credit of any of the Trust Accounts which are not derived from or comprised in and which do not otherwise relate to AFS Trust Property, AF3 Transaction Trust Property or AF3 Lease Trust Property;

**AFS** means Automotive Financial Services Limited, a company incorporated in England and Wales with registered number 1682485 whose registered office is at Third Floor, 20 St. James's Street, London SW1A 1ES;

**AFS Borrower Power of Attorney** means a power of attorney granted by AFS in favour of the Borrower pursuant to the AFS Securitisation Charge;

**AFS Collection Account** means the account (number 00419966) of AFS with Barclays;

**AFS Credit Warranty** means the warranty given by AFS in clause 2.1(d) of the Warranty Deed;



**AFS Credit Warranty Payment** means any payment made or AFS is liable to make in respect of a breach of the AFS Credit Warranty;

**AFS Current Account** means the current account (number 80464023) of AFS with Barclays;

**AFS Declaration** means the declaration of trust by AFS in respect of the Midland Collection Accounts, the BoS Collection Account and the Barclays Collection Account contained in clause 6.1 of the Bank Agreement;

**AFS Entitled Receivables** means amounts scheduled to be paid by Customers under Receivables Agreements at any time after the Last Periodic Payment Date and payments made to AFS at any time under such Receivables Agreements in respect of such amounts and any AFS Guaranteed Future Value Payments, being amounts which do not constitute AF2 Transaction Property or Transaction Trust Property;

**AFS Floating Charge** means the floating charge dated on or about the Closing Date between AFS, the Borrower and the Security Trustee in respect of, *inter alia*, HP Asset Contracts which are governed by Scots law;

**AFS Guaranteed Future Value Payment** means, in respect of any Receivables Agreement under which AFS has guaranteed the value of the Asset at the end of the term of that Receivables Agreement, the final payment to be made by the Customer in an amount equal to the value so guaranteed by AFS;

**AFS Liquidity Warranty** means the warranty given by AFS in clause 2.1(c) of the Warranty Deed;

**AFS Liquidity Warranty Payment** means any payment made or which AFS is liable to make in respect of a breach of the AFS Liquidity Warranty;

**AFS Operating Procedures** means (i) the policies and procedures set out in the current edition of the AFS Policies and Procedures Manual (a copy of which has been signed by Freshfields and Lovell White Durrant for the purposes of identification) and (ii) such additional and/or alternative policies and procedures as AFS may adopt from time to time in accordance with clause 10.5 of the Administration Agreement;

**AFS Prior Entitlement** means £5,000 per month;

**AFS Receivables Trustee Power of Attorney** means a power of attorney granted by AFS in favour of the Receivables Trustee pursuant to a Receivables Sale Contract substantially in the form set out in Appendix 1 to the Standard Terms and Conditions;

**AFS Securitisation Charge** means the deed of charge and assignment dated on or about the Closing Date made between AFS, CIBC, the Borrower, the Swap Counterparty, the Security Trustee and the Receivables Trustee under or pursuant to which AFS charges or assigns to the Borrower its interest in, among other things, the Lease Receivables, the Lease Assets, the AFS Securitisation Charged Account and its right to receive the AFS Transaction Trust Property Entitlement to secure, among other things, the payment or repayment of all amounts which AFS is liable to pay under the Lease Receivables Loan Facility and any AFS Warranty Payment, and shall, where the context permits, include any Supplemental AFS Securitisation Charge and any other security entered into pursuant to such deed of charge and assignment;

**AFS Securitisation Charged Account** means the account (number 10564702) of AFS with Barclays which is charged under and otherwise subject to the AFS Securitisation Charge;

**AFS Securitisation Charged Property** means the property from time to time assigned or charged by AFS to the Borrower (referred to as the Lender therein), CIBC and the Swap Counterparty under or pursuant to the AFS Securitisation Charge;

**AFS Securitisation Floating Charge** means the floating charge created by AFS pursuant to clause 3.2 of the AFS Securitisation Charge or pursuant to any charge supplemental thereto;

**AFS Securitisation Secured Amounts** means the amounts which AFS covenants under clause 2 of the AFS Securitisation Charge to pay;

**AFS Security Trustee Power of Attorney** means a power of attorney granted by AFS in favour of the Security Trustee pursuant to a Receivables Sale Contract substantially in the form set out in Appendix 2 to the Standard Terms and Conditions;

**AFS Transaction Trust Property Entitlement** means, on any Payment Date, Distributable Cash less any amount distributable under clauses 2.3(b)(i), 2.3(b)(ii)(A) and 2.3.(b)(ii)(B) or, as the case may be, clauses 2.5(a), 2.5(b)(i) and 2.5(b)(ii) of the Receivables Trust on that date;

**AFS Trust Property** means (i) the benefit of the AFS Entitled Receivables and (ii) all amounts standing to the credit of any of the Trust Accounts which are not derived from or comprised in and which do not otherwise relate to Transaction Trust Property, Lease Trust Property or AF2 Trust Property;

**AFS Warranty Payment** means an AFS Credit Warranty Payment and/or an AFS Liquidity Warranty Payment;

**Ancillary Rights** means:

- (a) in relation to the AF2 Sold Receivables, those rights and benefits set out in clause 2.3 of the AF2 Standard Terms and Conditions and, in relation to the AF2 Lease Receivables, those rights and benefits set out in clause 3.2.1 of the AF2 AFS Securitisation Charge; and
- (b) in relation to the Sold Receivables, those rights and benefits set out in clause 2.4 of the Standard Terms and Conditions and, in relation to the Lease Receivables, those rights and benefits set out in clause 3.3 of the AFS Securitisation Charge;

**Applicable Fixed Rate** in respect of each Loan Interest Period means the rate per annum which is the aggregate of (i) the daily average of the Fixed Swap Rates under all the Swap Transactions outstanding on each day during such Loan Interest Period weighted according to the respective notional principal amounts of those Swap Transactions on that day and (ii) 1 per cent. per annum;

**Applicable Margin** means:

- (a) in respect of the Tranche B Advance, 1.5 per cent. per annum;
- (b) in respect of the Tranche C Advance, 1.5 per cent. per annum;

**Assets** means the HP Assets and/or the Lease Assets, as the context may require;

**Asset Contract** means any sale contract, relating to the relevant Asset which has been repossessed by AFS following default by a Customer, entered into by AFS following such repossession;

**Auditors** mean the auditors for the time being of the Borrower and the Receivables Trustee being, at the Closing Date, PricewaterhouseCoopers;

**Authorised Investment** means, any deposit with any Eligible Institution which is denominated in sterling and matures on or before the Payment Date immediately following the Calculation Period during which such deposit is made, or on demand except that deposits representing amounts paid by Customers which have not fallen due during or prior to such Calculation Period shall be repayable on or before the Payment Date next following the Calculation Period in which such amount falls due, or on demand;

**Availability Period** means the period commencing on the date of this Agreement and ending on (but not including) the close of business in London on:

- (a) in respect of Tranche A, the CIBC Loan Termination Date;
- (b) in respect of Tranche B, the CIBC Loan Termination Date;
- (c) in respect of Tranche C, the Tranche C Commitment Expiry Date;

**Available Amount** means, in relation to the Lease Receivables Loan Facility at any time during the Substitution Period, the Facility Amount less the Lease Receivables Loan (except that, in determining the Available Amount on any Substitution Calculation Date immediately preceding a Substitution Date on which a Drawdown is to be made, such amount shall be adjusted by adding to it the Repayment Principal due to be repaid on such Substitution Date);

**Available Funds** means, in respect of any Payment Date, Distributable Cash as at that Payment Date and the aggregate of the amounts (i) received by the Borrower on that date under the Lease Receivables Loan Facility or the AFS Securitisation Charge, (ii) received by the Borrower on that date under the Swap Transactions, (iii) representing any AFS Warranty Payment, (iv) standing to the credit of the Borrower's Account or the Borrower's GIC Account and interest on such amounts;

**Available Prepayment Funds** on any Calculation Date means the sum of:

- (a) the aggregate of Borrower's Principal, Repayment Principal, and any drawing under Tranche A and/or Tranche B of the CIBC Loan Agreement due to be received by the Borrower on the Payment Date immediately following such Calculation Date; and
- (b) the amount of any Available Prepayment Funds on the Payment Date immediately preceding such Calculation Date not applied in prepayment of all or part of (i) Tranche A of the CIBC Loan, (ii) Tranche B of the CIBC Loan, (iii) Tranche C of the CIBC Loan, (iv) the Stamp Duty Loan and/or (v) the Subordinated Loan, on such Payment Date; and
- (c) any AFS Credit Warranty Payment to be made on the immediately following Payment Date *less* any amount to be debited to the Expenses Deficiency Ledger in respect of any expenses deficit accruals in respect of the period from (and including) the preceding Calculation Date to (but excluding) the Calculation Date in question or expected to arise on the Payment Date immediately following such Calculation Date *plus* the amount to be applied on the immediately following Payment Date in reducing or extinguishing the debit balance outstanding on the Expenses Deficiency Ledger immediately following the preceding Interest Payment Date; and
- (d) any amount credited to the Principal Deficiency Ledger on the Payment Date immediately succeeding such Calculation Date;
- (e) the aggregate Principal element of the purchase price paid by AFS for any Sold Receivables repurchased pursuant to clause 3 of the Warranty Deed and any principal repaid in respect of the Lease Receivables Loan pursuant to clause 12.1 of the Lease Receivables Loan Facility Agreement;

less

- (f) the amount to be applied on the Payment Date immediately following such Calculation Date in purchasing Further Sold Receivables and making Lease Receivables Advances;

**Available Principal Funds** on any Calculation Date means the sum of:

- (a) the aggregate of Borrower's Principal, Repayment Principal, and any drawing under Tranche A and/or Tranche B of the CIBC Loan Agreement due to be received by the Borrower on the Payment Date immediately following such Calculation Date; and
- (b) the amount of any Available Prepayment Funds on the Payment Date immediately preceding such Calculation Date not applied in prepayment of all or part of (i) Tranche A of the CIBC Loan, (ii) Tranche B of the CIBC Loan, (iii) Tranche C of the CIBC Loan, (iv) the Stamp Duty Loan and/or (v) the Subordinated Loan, on such Payment Date; and
- (c) any AFS Credit Warranty Payment to be made on the immediately following Payment Date *less* any amount to be debited to the Expenses Deficiency Ledger in respect of any expenses deficit accruals in respect of the period from (and including) the preceding Calculation Date to (but excluding) the Calculation Date in question or expected to arise on the Payment Date immediately following such Calculation Date *plus* the amount to be applied on the immediately following Payment Date in reducing or extinguishing the debit balance outstanding on the Expenses Deficiency Ledger immediately following the preceding Interest Payment Date; and
- (d) any amount credited to the Principal Deficiency Ledger on the Payment Date immediately succeeding such Calculation Date;
- (e) the aggregate Principal element of the purchase price paid by AFS for any Sold Receivables repurchased pursuant to clause 3 of the Warranty Deed and any principal repaid in respect of the Lease Receivables Loan pursuant to clause 4.2 of the AFS Securitisation Charge;

less

- (f) the principal amount of Tranche A and Tranche B of the CIBC Loan prepaid pursuant to clause 8.1 of the CIBC Loan Agreement on the Interest Payment Date immediately following such Calculation Date;

**Back-to-Back Swap Agreement** means the interest rate exchange agreement (including the credit support annex thereto) dated on or about the Closing Date between the Swap Counterparty and AFS, and where the context permits shall include any back-to-back swap transactions entered into thereunder;

**Back-to-Back Swap Transaction** means each transaction entered into pursuant to the Back-to-Back Swap Agreement;

**BACS** means the operator of the Direct Debiting Scheme, being at the time hereof, Bankers Automated Clearing Services Limited and such other operator as may be agreed by BACS;

**Bank Agent** means BNS, or such other agent as may be appointed from time to time under the Bank Facility Agreement;

**Bank Agreement** means the bank agreement dated 29 July 1996, as amended on or about the Closing Date, between AFS, the Borrower, Auto Funding No.2 PLC, The Law Debenture Trust Corporation p.l.c., the Receivables Trustee, the Security Trustee and Barclays;

**Bank Debenture** means the debenture dated 16 December 1994 between AFS and BNS as amended by a first supplemental debenture dated 29 July 1996 and a second supplemental debenture dated 27 July 1999;

**Bank Facility Agreement** means the facility agreement dated 16 December 1994 as amended on 30 July 1996, 2 July 1997, 30 July 1997 and on or about the Closing Date between AFS as borrower, BNS as agent, arranger and trustee, BankBoston N.A. as co-arranger, Scotiabank Europe plc as overdraft bank and the financial institutions named therein as banks as amended from time to time;

**Bank Trustee** means BNS, or such other trustee as may be appointed from time to time under the Bank Facility Agreement and the Bank Debenture;

**Barclays** means Barclays Bank PLC, acting through its branch at 54 Lombard Street, London EC3P 3AH;

**Barclays Business Master System conditions of use** means the agreement between, among others, Barclays and AFS relating to the provision of on-line computer systems by Barclays to AFS;

**Barclays Collection Account** means the account in the name of AFS (number 60572969) with Barclays or such other account at such other branch or branches of Barclays or with such other bank as AFS may, with the prior written approval of the Receivables Trustee, the Borrower and the Security Trustee given in accordance with the Administration Agreement, nominate;

**Barclays Mandates** means the resolutions, instructions and signature authorities relating to the Barclays Collection Account and the Receivables Trustee's Account in the form set out in Schedule 1 or, as the case may be, Schedule 2 to the Bank Agreement as they may be amended from time to time with the prior written consent of the Security Trustee, the FRN Trustee and Barclays and notified in accordance with the Bank Agreement;

**Barclays Paying-in-Book** means the form of paying-in-book identified in the AFS Operating Procedures containing giro credit forms specifying as payee account the Barclays Collection Account issued to Customers who are not making periodic payments by direct debit or standing order or by using the Old Midland Paying-in-Book, the New Midland Paying-in-Book or the BoS Paying-in-Book;

**Barclays Standing Order** means a standing order by a Customer for payments to be made to the Barclays Collection Account;

**BNS** means The Bank of Nova Scotia and its successors;

**Borrower** means Auto Funding No.3 PLC, a company incorporated in England and Wales with registered number 3762827 whose registered office is at Third Floor, 20 St. James's Street, London SW1A 1ES;

**Borrower's Account** means the account (number 80857408) of the Borrower at Barclays or such other account of the Borrower with any other branch and/or bank as the Security Trustee shall have previously approved in writing as the Borrower's Account in accordance with clause 5 of the Administration Agreement;

**Borrower Account Bank** means the bank at which the Borrower Account is held being, at the Closing Date, Barclays;

**Borrower's Deposited Funds** means the funds of the Borrower deposited with the GIC Account Bank pursuant to the Borrower's Guaranteed Investment Contract;

**Borrower's Direct Income** means, in respect of each Calculation Period, any interest or other amounts (other than principal) in respect of that Calculation Period under the Lease Receivables Loan Facility, interest on the Borrower's Account and the Borrower's GIC Account, any AFS Liquidity Warranty Payment, any payments due from the Swap Counterparty in respect of the Swap Transactions, the Income element of the purchase price paid by AFS for any Sold Receivables repurchased pursuant to clause 3 of the Warranty Deed, in each case to the extent received on the Payment Date immediately following the relevant Calculation Period;

**Borrower's Expenses** means expenses of the Borrower being expenses of the type set out in Part 2 of Schedule 1 to the Receivables Trust;

**Borrower's GIC Account** means the account (number 10241806) of the Borrower with Barclays opened pursuant to the Borrower's Guaranteed Investment Contract or such other account of the Borrower opened pursuant to any replacement guaranteed investment contract with the prior approval of the Security Trustee in accordance with clause 4 of the Administration Agreement;

**Borrower's Guaranteed Investment Contract** means the guaranteed investment contract dated on or about the Closing Date between Barclays, the Borrower and the Security Trustee or any other guaranteed investment contract entered into by the Borrower with the prior written approval of the Security Trustee in accordance with clause 4 of the Administration Agreement;

**Borrower's Income** means, as at a Calculation Date, an amount equal to the lower of (a) the aggregate of Income received in respect of the Sold Receivables, any other income received in respect of the Sold Receivables by the Receivables Trustee and any Recoveries in respect of Sold Receivables received, during the Calculation Period ending on that date less an amount equal to the Receivables Trustee's Expenses and (b) the Borrower's Net Expenses in respect of such Calculation Period;

**Borrower's Net Expenses** means the Borrower's Expenses in respect of a Calculation Period (provided that if on the immediately following Interest Payment Date Income received in respect of the Sold Receivables by the Receivables Trustee will be less than the aggregate of (i) Borrower's Expenses, (ii) Loan Principal Repayable and (iii) any AFS Credit Warranty Payment on such date to the extent that there would otherwise be insufficient funds standing to the credit of the AFS Securitisation Charged Account to make such payment on such date, the Borrower's Expenses referred to in paragraphs 10 to 14 of Part 2 of Schedule 1 to the Receivables Trust shall, for the purpose only of applying such Income on such date, in aggregate be reduced by an amount equal to such shortfall) less the Borrower's Direct Income in respect of that Calculation Period to the extent received on the immediately following Payment Date;

**Borrower's Principal** means, as at a Calculation Date, the aggregate amount of Principal received in respect of the Sold Receivables in the Calculation Period ending on that date;

**BoS** means the Governor and Company of the Bank of Scotland and any successor deriving title under or through it;

**BoS Collection Account** means the account in the name of AFS (number 00125900) with BoS acting through its branch at 38 Threadneedle Street, London EC2P 2EH;

**BoS Standing Order** means a standing order by a Customer for payments to be made to the BoS Collections Account;

**BoS Threadneedle Street Branch** means BoS acting through its branch at 38 Threadneedle Street, London EC2P 2EH;

**BoS Paying-in-Book** means the form of paying-in-book identified in the AFS Operating Procedures containing giro credit forms specifying as payee account the BoS Collection Account issued to customers who are not making periodic payments by direct debit or standing order or by using the Old Midland Paying-in-Book, the New Midland Paying-in-Book or the Barclays Paying-in-Book;

**Broomfield** means Broomfield Secretarial Services Limited, a company incorporated in England and Wales with registered number 1373716 whose registered office is at Abbey House, 342 Regent's Park Road, London N3 2LL;

**Business Day** means any day (other than a Saturday or a Sunday) on which banking institutions and foreign exchange markets are open for business in London, New York and Toronto;

**Business Receivables Agreement** means any Receivables Agreement which is not a Consumer Receivables Agreement;

**Calculation Date** means the ninth Business Day prior to each Payment Date;

**Calculation Period** means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Calculation Date and each successive period beginning on (and including) a Calculation Date and ending on (but excluding) the next Calculation Date;

**Cash** means any amount of cash, or the debt represented by any balance standing to the credit of any account (including the Borrower Account and the Borrower's GIC Account) which for the time being is comprised, or ought in accordance with the Deed of Charge to be comprised, in the Charged Property;

**Charged Property** means the whole of the right, title, benefit and interest of the Borrower in and to the property, assets and rights of the Borrower described in clause 3 of the Deed of Charge and all other property, assets and rights whatsoever of the Borrower and wheresoever situate, present and future, including without limitation any uncalled capital;

**CIBC** means CIBC World Markets plc at Cottons Centre, Cottons Lane, London SE1 2QL;

**CIBC Loan** means a loan of a maximum principal amount of £111,780,000, being the aggregate principal amount of the facilities designated Tranche A, Tranche B and Tranche C, the terms and conditions of which are set out in the CIBC Loan Agreement;

**CIBC Loan Account** means the account held by CIBC at Sort Code 60-92-33 Attention: Banking Services re AF3 Transaction Facility or such other account in the United Kingdom as CIBC may notify in writing to the Borrower;

**CIBC Loan Agreement** means the loan agreement dated on or about the Closing Date between CIBC, the Borrower and the Security Trustee;

**CIBC Loan Termination Date** means the 364th day after the Closing Date or, if the term of the CIBC Loan is duly extended in accordance with Clause 2.3 of the CIBC Loan Agreement, the date which is the 364th day after the date on which CIBC notifies the Borrower of the extension;

**Class A Conditions** means the terms and conditions of the Class A Notes as set out in the FRN Trust Deed;

**Class B Conditions** means the terms and conditions of the Class B Notes as set out in the FRN Trust Deed;

**Class A Notes** means the £127,000,000 Class A Floating Rate Notes due 2003 issued by the Issuer on 29 July 1996, the further £33,500,000 Class A Floating Rate Notes due 2003 issued by the Issuer on 20 December 1996, the further £25,400,000 Class A Floating Rate Notes due 2003 issued by the Issuer on 26 March 1997 and the further £18,700,000 Class A Floating Rate Notes due 2003 issued by the Issuer on 27 July 1998; the terms and conditions of which are set out in the FRN Trust Deed;

**Class B Notes** means the £9,000,000 Class B Floating Rate Notes due 2003 issued by the Issuer on 29 July 1996, the further £2,400,000 Class B Floating Rate Notes due 2003 issued by the Issuer on 20 December 1996, the further £1,800,000 Class B Floating Rate Notes due 2003 issued by the Issuer on 26 March 1997 and the further £1,300,000 Class B Floating Rate Notes due 2003, issued by the Issuer on 27 July 1998, the terms and conditions of which are set out in the FRN Trust Deed;

**Closing Date** means 27 July 1999 or, if later, the date on which closing takes place in accordance with the CIBC Loan Agreement;

**CMGH** means C.M.G. Holdings Limited (formerly Automotive Financial Group Holdings Limited), a company incorporated in England and Wales with registered number 2186684 whose registered office is at Third Floor, 20 St. James's Street, London SW1A 1ES;

**Collection Account Bank** means the bank at which the Barclays Collection Account is held being, at the Closing Date, Barclays;

**Collection Accounts** means the Barclays Collection Account, the BoS Collection Account and the Midland Collection Accounts;

**Conditions to Substitution** means the conditions set out in clause 5.1 of the Lease Receivables Loan Facility and clause 29.2 of the Administration Agreement;

**Conduit** means Superior Funding Capital Corporation;

**Conduit Currency Hedge** means, in respect of any Interest Period, a currency swap transaction entered into from time to time by the Conduit to hedge its foreign exchange exposure in respect of its obligations under the Subparticipation Agreement;

**Conduit Funding Rate** means in respect of each Interest Period (the **Relevant Interest Period**):

- (a) to the extent that the Conduit funds any Tranche A Advance during the Relevant Interest Period by means of commercial paper issuance, the Conduit Funding Rate will be the product of:

$$\frac{(M \times 365)}{(P \times T)}$$

where:

**M** means the Conduit Monthly Funding Amount;

**P** means the Tranche A Outstandings as at the first day of the Relevant Interest Period (after taking into account, for the avoidance of doubt, any prepayment of principal in respect of Tranche A and any Tranche A Advance made on that date in accordance with the CIBC Loan Agreement); and

**T** means the number of days in the Relevant Interest Period,

Provided that an estimate of this rate, based on the last known commercial paper rates, shall be made for the Relevant Interest Period on or before the date when the Conduit Funding Rate shall be communicated to the Borrower in accordance with the terms of the CIBC Loan Agreement, and any discrepancy between such estimate and the actual rates shall be taken into account by an adjustment in the calculation of the Conduit Funding Rate for the following Interest Period; and

- (b) to the extent that the Conduit funds any Tranche A Advance during the Relevant Interest Period by means of drawings under the Conduit Liquidity Facility, the Conduit Funding Rate for the Relevant Interest Period shall be a rate equal to the aggregate of (i) the rate of interest applicable to the drawing under the Conduit Liquidity Facility provided in connection with the Conduit, and (ii) the relevant Conduit Liquidity Margin applicable to the drawing under the Conduit Liquidity Facility, such calculation to be made on the basis of the actual number of days elapsed in the Relevant Interest Period and a 365 day year for the relevant period;

**Conduit Liquidity Facility** means the liquidity facility dated 13 July 1999, provided to the Conduit by the Conduit Liquidity Providers (as defined therein) from time to time;

**Conduit Liquidity Margin** means in respect of a drawing made under the Conduit Liquidity Facility by the Conduit and which drawing has been outstanding for:

- (a) 1-30 days, 0.65 per cent. per annum;
- (b) 31-90 days, 1.00 per cent. per annum; and
- (c) in excess of 90 days, 1.50 per cent. per annum,



and where applicable the Mandatory Cost (as defined in the Conduit Liquidity Facility);

**Conduit Margin** in respect of each Interest Period means 0.23 per cent. per annum;

**Conduit Monthly Funding Amount** means in respect of each Interest Period the aggregate of:

- (a) all CP Discount paid in the Relevant Interest Period in respect of the commercial paper issued by the Conduit to fund any Tranche A Advance (including any commercial paper issued by the relevant Conduit to fund the payment of CP Discount in respect of each Tranche A Advance) during that Interest Period (provided that nothing in this sub-clause (a) shall double count any amount under paragraph (c) below); and
- (b) all CP Discount accrued and unpaid in the Relevant Interest Period in respect of the commercial paper issued by the Conduit to fund any Tranche A Advance (including any commercial paper issued by the Conduit to fund the payment of CP Discount in respect of each Tranche A Advance) during that Interest Period; and
- (c) all drawings made under the Conduit Swingline Facility to fund the payment of CP Discount in respect of the commercial paper issued by the Conduit to fund any Tranche A Advance (including any commercial paper issued by the Conduit to fund the payment of CP Discount in respect of each Tranche A Advance) during that Interest Period together with all Interest accrued thereon at the Swingline Facility Interest Rate during that Interest Period;

**Conduit Rating** means a rating assigned to the commercial paper issued from time to time by the Conduit of not less than (i) A-1+ from Standard & Poor's and (ii) P-1 from Moody's;

**Conduit Swingline Facility** means the Swingline Facility dated 22 December 1998 made available to the Conduit by Canadian Imperial Bank of Commerce, New York agency;

**Consumer Receivables Agreement** means any Receivables Agreement in relation to which the Customer is a private individual (excluding, for the avoidance of doubt, any Receivables Agreement in relation to which the Customer is a sole trader, a partnership or other unincorporated body);

**Contract Records** means all files and other documents and all computer tapes, cartridges and discs relating to (i) the Receivables Agreements specified in the Appendix to an Offer to Sell or in any Memorandum delivered under the AFS Securitisation Charge (including, for the avoidance of doubt, any guarantees in respect thereof) and the Insurances and the Receivables which are the subject of an Offer to Sell or the AFS Securitisation Charge or a Supplemental AFS Securitisation Charge and (ii) the Assets which are the subject matter of any HP or Lease Agreements and any Asset Contracts relating to such Assets;

**Control** in the context of a person or persons achieving or having control over the Borrower shall mean:

- (a) the person or persons acting in concert controlling, or being able to control, the composition of the board of directors of the Borrower; or
- (b) a person or persons acting in concert in accordance with whose direction a majority of the members of the board of directors of the Borrower are or become accustomed to act; or
- (c) the person or persons acting in concert ultimately or beneficially holding (directly or indirectly) 50% or more of the issued equity share capital of the Borrower; or
- (d) the person or persons acting in concert able to vote over 50% of the issued voting share capital or any class thereof or who otherwise have controlling influence over the Borrower by virtue of his or their shareholding or by agreement;

**Corporate Services Agreement** means the corporate services agreement dated on or about the Closing Date between Broomfield, the Borrower and the Receivables Trustee under which AFS has agreed, among other things, to provide certain corporate services and the services of certain personnel to the Borrower and the Receivables Trustee;

**Costs Related Fee** means the aggregate certain Conduit related fees which become payable from time to time (including, without limitation, fees paid to the Trustee, the Corporate Servicer, the Rating Agencies, the issuing and paying agents) in connection with the Conduit and the commercial paper issuance thereof;

**Credit Scoring Procedures** means the automatic method of credit assessment known as credit scoring (as more fully described in the AFS Operating Procedures) used by AFS in assessing credit applications from private individuals (excluding any application in respect of a Business Receivables Agreement, or received from joint applicants, or applicants who request that their payment obligations are guaranteed by a third party) wishing to enter into hire purchase, personal loan or lease agreements with AFS to measure the probability that the individual will pay all sums due to AFS under the agreement;

**CP Dealer Fee** means the dealer fee determined from time to time by the Conduit CP Dealer and notified to the Conduit;

**CP Discount** means, in respect of any commercial paper issued by the Conduit, the aggregate of (i) the difference between the price at which such commercial paper was issued and the face value of that commercial paper (such amount to include, for the avoidance of doubt, the CP Dealer Fee and the cost of any Conduit Currency Hedge), (ii) the Conduit Margin applicable to such commercial paper issuance and (iii) the Costs Related Fee;

**Current Principal Shortfall**, on a Calculation Date, means the amount by which Principal due in the Calculation Period ended on that date in respect of the Sold Receivables exceeds Principal received in respect of the Sold Receivables in that period which was due in that period;

**Customer Ledger** means the ledger account established by AFS in respect of each Receivables Agreement pursuant to clause 3.3 of the Administration Agreement;

**Customers** means Hirers, Personal Loan Customers and Lessees;

**Cut-Off Date** means 22 July 1999;

**Date of Acceptance** in relation to any contract concluded by acceptance of any Offer to Sell, means the date of acceptance of the relevant Offer to Sell and in relation to any Lease Receivables Advance, means the date on which the AFS Securitisation Charge or the relevant Supplemental AFS Securitisation Charge is executed;

**Date of Completion** means the date on which any transfer is perfected pursuant to clause 2.9 or 2.10 of the Standard Terms and Conditions;

**Dealer** means any person from whom AFS purchases an Asset prior to the making of an Offer to Sell or a Lease Receivables Advance in respect of Receivables relating to such Asset;

**Dealer Contract** means any contract between AFS and any Dealer relating to the supply of an Asset;

**Deed of Assignment** means any deed of assignment executed in accordance with clause 3.10 of the AFS Securitisation Charge in the form set out in Appendix 5 thereto;

**Deed of Charge** means the deed of charge and assignment dated on or about the Closing Date between, among others, the Borrower and the Security Trustee;

**Default** means an Event of Default or a Potential Event of Default;

**Direct Debit** means a direct debit made to a Customer's bank account pursuant to a Direct Debit Mandate;

**Direct Debit Mandate** means a mandate from a Customer relating to the direct debit from his bank account of each Periodic Payment due from him;

**Direct Debiting Scheme** means the system operating from time to time for the manual or automated debiting of bank accounts operated in accordance with the principal rules in force at the date hereof of certain members of the Association for Payment Clearing Services;

**Distributable Cash** means in respect of any Payment Date, those moneys received by, or held to the order of, the Receivables Trustee on or prior to such Payment Date being moneys standing to the credit of the Receivables Trustee's GIC Account which (a) were received in respect of the Transaction Trust Property during the last Calculation Period prior to such Payment Date (other than payments which on such Payment Date are Advance Payments) or (b) represent Advance Payments received during an earlier Calculation Period which since the last Calculation Date have ceased to be classified as Advance Payments or (c) represent interest, if any, on amounts (including, for the avoidance of doubt, Advance Payments) credited to any of the Trust Accounts during such Calculation Period in respect of Transaction Trust Property or Lease Trust Property and which are received by it on such Payment Date;

**Drawdown** means the Initial Drawdown or a Substitution Drawdown;

**Drawdown Date** in respect of any Lease Receivables Advance, means the date for the making thereof, as specified in the applicable Notice of Drawdown and which, other than in the case of the Initial Drawdown, must be a Substitution Date;

**Drawing Date** means the Closing Date and each Interest Payment Date upon which any Advance is to be made;

**Drawing Notice** means a notice of drawing substantially in the form set out in the relevant Part of Schedule 2 of the CIBC Loan Agreement duly completed and signed by the Borrower;

**Early Termination** means any termination of a Receivables Agreement prior to its scheduled final payment date;

**electronic** means transfers by way of the Clearing House Automated Payment System ("CHAPS") or such other system as may replace it and includes, for the purposes of this Agreement, transfers by way of CHAPS pursuant to the Existing Banking Arrangements;

**Eligible Institution** at a particular time, means any financial institution either (i) which has outstanding unsecured, unsubordinated and unguaranteed long term debt obligations which are rated Aaa by Moody's and AAA by Standard & Poor's and has outstanding unsecured, unsubordinated and unguaranteed short term debt obligations which are then rated P-1 by Moody's and A-1+ by Standard & Poor's; or (ii) if at that time there is no such financial institution, any financial institution (a) the deposit of funds with which would not cause an adverse change in the Conduit Rating and (b) which is approved in writing by the Security Trustee as an Eligible Institution;

**Enforcement Notice** means a notice given by the Security Trustee to the Borrower in accordance with clause 14.2(b)(iv) of the CIBC Loan Agreement;

**English Sold Receivables** means all payments due from Hirers or Personal Loan Customers on or at any time after the Cut-Off Date or, as the case may be, Substitution Calculation Date under or in respect of Sold Receivables Agreements and all payments under or in respect of such Sold Receivables Agreements made to AFS (or its assigns) at any time in respect of payments due on or at any time after the Cut-Off Date or, as the case may be, Substitution Calculation Date (other than, in each case, payments in respect of AFS Entitled Receivables) and includes all the Ancillary Rights

which relate to such Receivables and/or Sold Receivables Agreements, other than, in each case, Scottish Sold Receivables;

**Event of Default** has the meaning given to it in clause 14.1 of the CIBC Loan Agreement;

**Excess Payment** means in respect of each day, an amount equal to the excess (if any) of (i) any payment or payments identified as received by AFS in respect of a Receivables Agreement (including any payment under the Insurances in respect of such Receivables Agreement, but excluding any proceeds of vehicle insurance effected by the relevant Customer or by AFS in respect of the relevant Asset and the proceeds of any Asset Contract relating to the relevant Asset ) over (ii) the amount required (as at the date of receipt of such payment or payments) to reduce to nil all amounts outstanding from the relevant Customer under such Receivables Agreement, which is specifically classified in the most recent Customer Ledger as such and which has not previously been so classified;

**Existing Banking Arrangements** means the arrangements between Barclays and AFS regarding the operation of its accounts with Barclays (including the Barclays Collection Account) and in particular containing certain procedures to enable AFS to effect transfers by electronic means as currently more particularly contained in the Barclays Business Master System conditions of use and any other agreement which replaces it;

**Expenses Deficiency Ledger** means the ledger referred to in clause 13.9(e) of the Administration Agreement;

**Facility Amount** means, in relation to the Lease Receivables Loan Facility, an amount in sterling equal to 7.5 per cent. of the aggregate of (i) Tranche A Outstandings from time to time and (ii) Tranche B Outstandings from time to time or such greater amount as may be agreed in accordance with clause 2 of the Lease Receivables Loan Agreement, as such amount may for the time being and from time to time be reduced or cancelled in accordance with the provisions of the Lease Receivables Loan Facility Agreement, being at any time the maximum aggregate amount which may be drawn down and outstanding at any one time under the Facility;

**Facility Drawing Amount** on any Substitution Calculation Date immediately preceding a Substitution Date on which a Substitution Drawdown is to be made means an amount equal to the lowest of A, B and C as at the Substitution Calculation Date where:

- A is the Available Amount;
- B is the aggregate of the Principal elements of the Lease Receivables which are to be specified in a Supplemental AFS Securitisation Charge and become charged in favour of the Borrower under the AFS Securitisation Charge on that Substitution Date;
- C is equal to Available Principal Funds on such Substitution Calculation Date excluding that part of Available Principal Funds on such Substitution Calculation Date which is to be used to make a payment to AFS by way of acceptance of a Further Offer to Sell on the relevant Substitution Date;

**Facility Office** means the office of CIBC at Cottons Centre, Cottons Lane, London SE1 2QL;

**Final Repayment Date** means the date on which all moneys and other liabilities for the time being due or owing by the Borrower to the Security Trustee or CIBC under the Deed of Charge have been paid in full;

**Finance Team** means Ron Morris, David Kershaw, Ian Postlethwaite and the directors of AFS;

**First Offer to Sell** means the first Offer to Sell to be made by AFS to the Borrower and the Receivables Trustee in the form or substantially in the form set out in Schedule 2 to the Standard Terms and Conditions, being an offer made on or prior to the Closing Date;

**Fixed Swap Rate** means, in relation to a Receivables Agreement, the fixed rate payable under the Swap Transaction entered into or to be entered into on the date when Receivables due under such Receivables Agreement are transferred by AFS to the Receivables Trustee and the Borrower under a Receivables Sale Contract or become charged under the AFS Securitisation Charge;

**Freshfields' Legal Opinion** means the legal opinion of Freshfields dated the Closing Date and addressed to CIBC and the Security Trustee;

**FRN Trustee** means The Law Debenture Trust Corporation p.l.c. or any other person or persons for the time being acting as the trustee or trustees pursuant to the AF2 Deed of Charge;

**Full Assignment** means a written memorandum, substantially in the form set out in Schedule 4 to the Standard Terms and Conditions, executed pursuant to clause 2.12(b) of the Standard Terms and Conditions recording the sale and purchase of each Sold Receivable which is subject to the First Offer to Sell which (i) as at the date of submission of the Full Assignment has an Outstanding Principal Balance and (ii) was not included in the Sample Assignment;

**Further Assignment** means a written memorandum, substantially in the form set out in Schedule 4 to the Standard Terms and Conditions, executed pursuant to clause 2.12(c) or 2.12(d) of the Standard Terms and Conditions recording the sale and purchase of each Sold Receivable transferred to the Borrower on any preceding Substitution Date which (i) as at the date of submission of the Further Assignment has an Outstanding Principal Balance and (ii) was not included in the Sample Assignment, the Full Assignment or any earlier Further Assignment;

**Further AF2 Offer to Sell** means any AF2 Offer to Sell, other than the First AF2 Offer to Sell, which may be made by AFS to the Issuer and the Receivables Trustee during the AF2 Substitution Period in the form or substantially in the form set out in Schedule 3 to the AF2 Standard Terms and Conditions;

**Further AF2 Receivables Agreement** means the HP Agreements and Personal Loan Agreements from which the Further AF2 Sold Receivables derive;

**Further AF2 Sold Receivables** means the AF2 Sold Receivables which are the subject of a contract concluded by acceptance of any Further AF2 Offer to Sell (if made);

**Further Deed of Assignment** means any deed of assignment executed pursuant to clause 3.8 of the Deed of Charge in the form set out in Schedule 4 or (as the case may be) Schedule 5 thereto;

**Further HP Agreement** means any hire purchase agreement from which the Further Sold Receivables derive;

**Further HP Assets** means the Assets which are the subject matter of any Further HP Agreements;

**Further Lease Receivables** means the Lease Receivables which are set out in the Lease Receivables Listing appended to any Supplemental AFS Securitisation Charge;

**Further Notes** means any Notes issued by the Issuer after 29 July 1996 so as to be consolidated and form a single series and rank *pari passu* with the Notes issued on 29 July 1996, as described in the Offering Circular dated 25 July 1996 issued by the Issuer and comprising listing particulars in connection with the issue and listing of the Notes;

**Further Offer to Sell** means any Offer to Sell, other than the First Offer to Sell, which may be made by AFS to the Borrower and the Receivables Trustee during the Substitution Period in the form or substantially in the form set out in Schedule 2 to the Standard Terms and Conditions;

**Further Sold Assets** means the Assets which are the subject matter of any Further Sold Receivables Agreement;

**Further Sold Insurances** means the Insurances which relate to any Further Sold Receivables Agreement;

**Further Sold Receivables** means the Sold Receivables which are the subject of a contract concluded by acceptance of any Further Offer to Sell (if made);

**Further Sold Receivables Agreement** means the HP Agreements and Personal Loan Agreements from which the Further Sold Receivables or, as the case may be, Further AF2 Sold Receivables derive;

**Further Swap Transaction** means any Swap Transaction in respect of which a Confirmation is executed pursuant to Part 5 of, and the form of Initial Confirmation appended to, the Schedule to the Interest Rate Exchange Agreement and includes any Swap Transaction other than the Swap Transaction in respect of which the Initial Confirmation is executed;

**Generally Accepted Accounting Principles** means the accounting principles, policies and practice which are from time to time recommended by the Institute of Chartered Accountants in England and Wales and generally adopted and accepted in England and Wales;

**GIC Accounts** means the Receivables Trustee's GIC Account and the Borrower's GIC Account;

**GIC Account Bank** means the bank at which the Receivables Trustee's GIC Account and the Borrower's GIC Account are held being, at the Closing Date, Barclays;

**Group** means, at any date, October Corporation Limited and its Subsidiaries;

**Hirer** means a customer of AFS who has executed any HP Agreement with AFS or, as the case may be, the successors and/or assigns of such customer who undertake his obligations;

**HP Agreement** means any hire purchase agreement from which the HP Receivables derive;

**HP Asset** means, in respect of any HP Agreement, any asset which is the subject of that HP Agreement;

**HP Asset Contract** means any sale contract entered into by AFS (or its agent) relating to HP Assets which have been repossessed by, or surrendered to, AFS (or its agent) following a default by a Hirer;

**HP Receivable** means from time to time each amount, which has been the subject of an Offer to Sell which has been accepted and which has not been repurchased by AFS pursuant to clause 3 of the Warranty Deed due or outstanding from a Hirer on or at any time after the Cut-Off Date or, as the case may be, the relevant Substitution Calculation Date under or in respect of an HP Agreement scheduled to be paid by the Hirer on or before the Last Periodic Payment Date and each payment under such HP Agreement made to AFS at any time in respect of such amounts due on or at any time after the Cut-Off Date or, as the case may be, the relevant Substitution Calculation Date, the benefit of (or a beneficial interest in) which is held by the Receivables Trustee for the benefit of the Borrower on the terms of the Receivables Trust;

**Income** means the element of any Periodic Payment constituting a Receivable, which is not allocated to Principal as calculated in accordance with the Income Recognition Method (leaving out of account for this purpose any part of the Periodic Payment which represents Protected Payment Scheme Premium), provided that (subject to clause 1.3 of the Receivables Trust) in respect of a Part Payment the whole of the amount received shall be allocated to income up to the amount which would have been allocated to income had the whole of the relevant Receivable or other payment been received;

**Income Deficiency** means, on a Calculation Date, an amount equal to the debit balance on the Income Deficiency Ledger on that date;

**Income Deficiency Ledger** means the ledger referred to in clause 13.9(g) of the Administration Agreement;

**Income Recognition Method** means the method used by AFS for allocating "principal" and "income" in respect of a Receivables Agreement pursuant to which the portion of each Periodic Payment (leaving out of account for this purpose any part of the Periodic Payment which represents Protected Payment Scheme Premium) which is allocated to income on the date on which the Agreement was entered into and on each subsequent Periodic Payment date is determined according to the applicable formula set out below:

- (i) In respect of a Receivables Agreement in relation to which all Periodic Payments under the Receivables Agreement are equal;

$$I = \frac{N \times N}{P(P+1)} \times C$$

where

I = the Income element of the Receivables Agreement

N = the number of Periodic Payments remaining

P = the original term of Receivables Agreement in months

C = the total charge for credit specified in the Receivables Agreement

The Income element in respect of each Periodic Payment equals I calculated on the previous instalment date less I calculated on the current instalment date.

- (ii) In respect of a Receivables Agreement in relation to which the Periodic Payments are not equal:

- (a) evaluate the proportion of fixed and variable charges

Fixed

$$CF = C \times \frac{RV \times (P \times P)}{\left( RV \times (P \times P) + (CP - RV) \times \frac{P(P+1)}{2} \right)}$$

where CF = fixed charges

C = the total charge for credit specified in the Receivables Agreement

RV = the AFS Guaranteed Future Value Payment

P = the original term of the Receivables Agreement in months

CP = the cash price payable for the Asset

N = the number of Periodic Payments remaining

EF = Fixed Income earned

EV = Variable Income earned

Variable

$$C - CF = CV$$

- (b) Evaluate the unearned charge element for both the fixed and variable portions of total charge for credit.

Fixed

$$\frac{D \times CF}{P} = EF$$

Variable

$$EV = \frac{((P(P+1) - D(D+1)))}{P(P+1)} \times CV$$

where D = instalments number due

- (c) Income Element for the Receivables Agreement equals:

$$C - (FV + EV) = I$$

The Income element in respect of each Periodic Payment equals I calculated on the previous instalment date less I calculated on the current instalment date.

**Initial AF2 Scottish Beneficial Interest** means the beneficial interest in and under the trust in favour of the Receivables Trustee constituted pursuant to clause 5 of the First AF2 Offer to Sell;

**Initial AF2 Transaction Trust Property** means (i) the benefit of the Original AF2 Sold Receivables and the Ancillary Rights relating thereto to the extent that the proceeds of such Ancillary Rights are apportioned to AF2 in accordance with clause 1.3 of the Receivables Trust; (ii) any amounts standing to the credit of any of the Trust Accounts which are derived from (i); and (iii) the beneficial interest in the trust deemed to be declared by the Issuer in favour of the Receivables Trustee over its rights under any AF2 Offer to Sell but excluding the Initial AF2 Scottish Beneficial Interest;

**Initial Drawdown** means the drawdown made or to be made under the Facility pursuant to clause 4 of the Lease Receivables Loan Facility Agreement or any portion thereof for the time being outstanding;

**Initial Scottish Beneficial Interest** means the beneficial interest in and under the trust in favour of the Receivables Trustee constituted pursuant to clause 5 of the First Offer to Sell;

**Initial Scottish Security Completion Trust** means the Scottish Security Completion Trust executed pursuant to clause 3.6 of the AFS Securitisation Charge;

**Initial Transaction Trust Property** means (i) the benefit of the Original Sold Receivables and the Ancillary Rights relating thereto to the extent that the proceeds of any such Ancillary Rights are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust; (ii) any amounts standing to the credit of any of the Trust Accounts which are derived from (i); and (iii) the beneficial interest in the trust deemed to be declared by the Borrower in favour of the Receivables Trustee over its rights under any Offer to Sell but excluding the Initial Scottish Beneficial Interest;

**Insolvency Event** means, in relation to a Customer, that such Customer is unable to pay his debts within the meaning of section 123 Insolvency Act 1986 (provided that such Customer will not be deemed to be unable to pay its debts under section 123(a) if the alleged debt which is the subject of a statutory demand is genuinely disputed) or becomes or is declared to be insolvent or bankrupt or any



application is made for the appointment of a receiver, administrative receiver or administrator or any steps are taken for the winding-up of such Customer;

**Insurances** means the insurance policies relating to the Protected Payment Scheme, in the case of each policy to the extent that it relates to the relevant Receivables Agreement;

**Intercreditor Deed** means the intercreditor deed dated 29 July 1996 as amended on 27 July 1999 between BNS (as Bank Trustee), BNS (as Bank Agent), BNS, BankBoston, N.A., Barclays Bank PLC, Westdeutsche Landesbank Girozentrale, Bank Austria Creditanstalt International AG, Den Danske Bank Aktieselskab, The Bank of Tokyo-Mitsubishi, Ltd, Credit Lyonnais and UBS AG (as Banks), Scotiabank Europe plc (as Overdraft Bank), the Security Trustee, AFS, the Borrower, the Issuer, the FRN Trustee and the Receivables Trustee;

**Interest Payment Date** means the 30th day in each calendar month (up to, and including, the calendar month in which the Final Repayment Date occurs) or, in the case of February, the last day of the month of February (or, if any such day is not a Business Day, the first following day that is a Business Day unless such day should fall within the next calendar month, in which case it shall fall on the immediately preceding day which is a Business Day);

**Interest Period** means the period from (and including) an Interest Payment Date (or, in respect of the first such period, the Closing Date) to (but excluding) the next Interest Payment Date;

**Interest Rate Exchange Agreement** means the interest rate exchange agreement dated on or about the Closing Date between the Borrower and the Swap Counterparty, and where the context permits shall include any Swap entered into thereunder;

**Issuer** means Auto Funding No. 2 PLC, a company incorporated in England and Wales with registered number 3211588 whose registered office is at Third Floor, 20 St. James's Street, London SW1A 1ES;

**Last Periodic Payment Date** means in relation to each Receivables Agreement from which Receivables derive, the periodic payment date specified as the due date for the last Periodic Payment in relation to such Receivables Agreement in the Sold Receivables Listing or, as the case may be, a Lease Receivables Listing in which details of such Receivables Agreement are set out;

**Law** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty (including any applicable double tax treaty) or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, directive, 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, regulatory, self regulatory or other authority or agency;

**Legal Qualifications** means the qualifications set out in the Freshfields' Legal Opinion as to matters of English law and the legal opinion of Tods Murray as to matters of Scots law;

**Lease Agreement** means any lease agreement from which any Lease Receivable derives and which is specified in the AFS Securitisation Charge or in a Supplemental AFS Securitisation Charge, the benefit of which is charged or assigned to the Borrower under the AFS Securitisation Charge as security for, among other things, amounts outstanding under the Lease Receivables Loan Facility;

**Lease Asset Contract** means any sale contract entered into by AFS (or its agent) relating to the relevant Lease Asset which has been repossessed by, or surrendered to, AFS (or its agent) following a default by a Lessee;

**Lease Assets** means in respect of any Lease Agreement any asset which is the subject of that Lease Agreement;

***Lease Insurances*** means the Insurances which relate to any Lease Agreements, to the extent that they relate thereto;

***Lease Receivable*** means from time to time each amount due or outstanding from a Lessee on or at any time after the Cut-Off Date or, as the case may be the relevant Substitution Calculation Date under or in respect of a Lease Agreement specified in the AFS Securitisation Charge or in a Supplemental AFS Securitisation Charge and scheduled to be paid by the Lessee on or before the date specified in the AFS Securitisation Charge or in the relevant Supplemental AFS Securitisation Charge as the Last Periodic Payment Date in respect of such Lease Agreement and each payment under such Lease Agreement made to AFS at any time in respect of such amounts due on or at anytime after the Cut-Off Date or, as the case may be, the relevant Substitution Calculation Date, the benefit of (or a beneficial interest in) which will be charged or assigned by AFS under the AFS Securitisation Charge or a Supplemental AFS Securitisation Charge as security for, among other things, amounts outstanding under the Lease Receivables Loan Facility;

***Lease Receivables Advance*** means any advance made or to be made by the Borrower to AFS under the Lease Receivables Loan Facility;

***Lease Receivables Listing*** means a computer printout (in the agreed form) of AFS' computer records containing, among other things, the information specified in the Appendix to Schedule 3 to the AFS Securitisation Charge in relation to the Lease Receivables to be charged by AFS to the Borrower under or pursuant to the AFS Securitisation Charge or any Supplemental AFS Securitisation Charge;

***Lease Receivables Loan*** means the aggregate of the Lease Receivables Advances made and for the time being outstanding under the Lease Receivables Loan Facility;

***Lease Receivables Loan Facility*** means the loan facility provided by the Borrower to AFS under the Lease Receivables Loan Facility Agreement;

***Lease Receivables Loan Facility Agreement*** means the loan facility agreement dated on or about the Closing Date between the Borrower, AFS and the Security Trustee;

***Lease Trust Property*** means the amounts from time to time standing to the credit of any of the Trust Accounts which are derived from or relate to each Lease Receivable and to the extent apportioned to the Borrower under clause 2.9 of the Intercreditor Deed, the Lease Insurances insofar as the same relate to such Lease Receivable, the Lease Asset to which such Lease Receivable relates and any Lease Asset Contract entered into in respect of the Lease Asset to which such Lease Receivable relates and any Ancillary Rights;

***Lessee*** means a customer of AFS who has executed any Lease Agreement with AFS or, as the case may be, the successors and/or assigns of such customer who undertake his obligations;

***LIBOR*** means:

- (a) the display rate per annum of the offered quotation for deposits in the currency of the relevant Advance or unpaid sum for a period equal to the required period which appears on Telerate Page 3750 at or about 11.00 a.m. on the first day of the Interest Period; or
- (b) if the display rate cannot be determined under paragraph (a) above, the rate determined by the Lender to be the arithmetic mean (rounded, if necessary, to the nearest five decimal places with the midpoint rounded upwards) of the rates notified to the Lender by each of the Reference Banks quoting (provided that at least two Reference Banks are quoting) as the rate at which such Reference Bank is offering deposits in the required currency and for the required period in an amount comparable to that amount to prime banks in the London Interbank Market at or about 11.00 a.m. on the first day of the Interest Period for such period;

for the purposes of this definition:

**Telerate Page 3750** means the display designated as Page 3750 in each case on the Telerate Service (or such other pages as may replace Page 3750 on that service or such other service as may be nominated by the British Bankers' Association (including the Reuters Screen) as the information vendor for the purposes of displaying British Bankers' Association Interest Settlement Rates for deposits in the currency concerned);

**Loan Interest Period**, in relation to the Lease Receivables Loan Facility Agreement, has the same meaning as Calculation Period;

**Loan Principal Repayable** means, in relation to a Calculation Date, an amount equal to the aggregate of the Principal elements of the Lease Receivables due in accordance with the relevant Lease Agreements to be received during the Calculation Period ending on that date and any Loan Principal Repayable on any earlier date to the extent that it remains outstanding;

**Mandatory Costs** means in relation to any Advance for any period, a rate per annum calculated in accordance with Schedule 1 of the CIBC Loan Agreement;

**Midland** means Midland Bank plc;

**Midland Collection Account No. 1** means the account in the name of AFS (number 01101021) with Midland Bank plc at 16 Goring Road, Worthing, East Sussex BN12 4AW;

**Midland Collection Account No. 2** means the account in the name of AFS (number 81033433) with Midland Bank plc at 16 Goring Road, Worthing, East Sussex BN12 4AW;

**Midland Collection Accounts** means Midland Collection Account No. 1 and Midland Collection Account No. 2;

**Midland Standing Order** means a standing order by a Customer for payments to be made to one of the Midland Collection Accounts;

**Modifying Agreement** means any written agreement entered into by AFS and a Customer under a Receivables Agreement for the purpose of amending the payments due under such Receivables Agreement but shall not include a temporary adjustment to the Periodic Payments due under the relevant Receivables Agreement;

**Moody's** means Moody's Investors Service Inc. of No. 2 Minster Court, Mincing Lane, London EC3R 7XB or any successor to its rating business;

**national currency unit** means the unit of currency (other than a Euro unit) of a Participating member state;

**New Midland Paying-in-Book** means the revised form of paying-in-book identified in the AFS Operating Procedures containing bank giro credit forms specifying as payee account Midland Ancillary Collection Account No. 1 issued to Customers who are not making periodic payments by direct debit or standing order or by using the Barclays Paying-in-Book, the BoS Paying-in-Book or the Old Midland Paying-in Book;

**Notes** means the Class A Notes and the Class B Notes;

**Notice of Drawdown** means the Notice of Initial Drawdown or a Notice of Substitution Drawdown;

**Notice of Initial Drawdown** means a notice in, or substantially in, the form set out in Part A of Schedule 2 to the Lease Receivables Loan Facility Agreement;

**Notice of Substitution Drawdown** means a notice in, or substantially in, the form set out in Part B of Schedule 2 to the Lease Receivables Loan Facility Agreement;

**Notification Date** means the date falling 5 Business Days prior to each Payment Date;

**October** means October Corporation Limited;

**October Event** will be deemed to have occurred if:

- (a) October becomes or is declared to be insolvent or is or becomes unable to pay its debts as they fall due or suspends or threatens to suspend making payments (whether of principal or interest) with respect to all or any class of its debts or the value of its assets is then less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities);
- (b) (i) any order is made by any court of competent jurisdiction or any resolution passed for the winding-up, dissolution or administration of October (save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement where October is solvent); or (ii) any application is made for the appointment of an administrator or other similar official or public officer; or (iii) any request is made to any court in any part of the United Kingdom by a court in a relevant jurisdiction for the making of an administration order in relation to October; or (iv) October takes any action for a voluntary arrangement or composition with or for its creditors; or (v) an encumbrancer takes possession of or a receiver is appointed in respect of the whole or any substantial part of the undertaking of October; or
- (c) anything analogous to any of the events specified in paragraphs (a) or (b) occurs under the laws of any relevant jurisdiction;

**Offer to Sell** means the First Offer to Sell or any Further Offer to Sell;

**Old Midland Paying-in-Book** means the form of paying-in-book identified in the AFS Operating Procedures containing bank giro credit forms specifying as payee account Midland Ancillary Collection Account No. 2 issued to Customers who are not making periodic payments by direct debit or standing order or by using either the New Midland Paying-in-Book, the BoS Paying-in-Book or the Barclays Paying-in-Book;

**Original HP Assets** means the Assets which are the subject matter of the Original Sold Receivables Agreements which are HP Agreements;

**Original Sold Insurances** means the Insurances which relate to the Original Sold Receivables Agreements;

**Original Sold Receivables** means the Sold Receivables which are the subject of the contract concluded by acceptance of the First Offer to Sell, if made;

**Original Sold Receivables Agreements** means the HP Agreements and Personal Loan Agreements from which the Original Sold Receivables derive;

**outstanding** in relation to any amount drawn down under the Facility means the principal amount thereof for the time being advanced but not repaid or prepaid;

**Outstanding Principal Balance** means, on any date and in relation to any Receivables Agreement, the aggregate of the Principal elements of the Periodic Payments remaining to be paid by the relevant Customer under such Receivables Agreement;

**Part Payment** means any payment made in a Calculation Period in respect of any Receivable which, when added to all other payments (being payments which are less than the amount of such Receivable) received in the same Calculation Period in respect of the Receivables Agreement to which that Receivable relates, is less than the amount of such Receivable due in that Calculation Period;

**Payment Date** means an Interest Payment Date and, following the Final Repayment Date, each day which would, but for the Final Repayment Date, have been an Interest Payment Date;

**Participating member state** means, at any time, each state participating in EMU at such time;

**Permitted Borrowing** means any borrowing made by the Borrower under the CIBC Loan Agreement, the Subordinated Loan Agreement, the Stamp Duty Loan Agreement, the Start-up Loan Agreement or clause 13.10 of the Administration Agreement;

**Permitted Security Interest** means:

- (a) a lien or right of set-off arising in the normal course of trading or by operation of Law securing obligations not more than thirty days overdue;
- (b) any conditional sale or title retention arising under or pursuant to any contract for the purchase of goods in the normal course of trading securing obligations not more than thirty days overdue;
- (c) any Security Interest created under any of the Transaction Documents;
- (d) any Security Interest created or permitted to subsist with the prior written consent of CIBC;

**Periodic Payment Date** means the date upon which each Periodic Payment is due from the Customer;

**Periodic Payment** each fixed monthly, quarterly or, as the case may be, six-monthly payment due from the Customer under a Receivables Agreement;

**Peripheral Recourse Amounts** shall have the meaning set out in clause 10.2 of the Lease Receivables Loan Facility Agreement;

**Personal Loan Agreement** means any personal loan agreement from which the Personal Loan Receivables derive;

**Personal Loan Customer** means the customer of AFS who has executed a Personal Loan Agreement with AFS;

**Personal Loan Receivable** means from time to time each amount, which has been the subject of an Offer to Sell which has been accepted and which has not been repurchased by AFS pursuant to clause 3 of the Warranty Deed due or outstanding from a Personal Loan Customer on or at any time after the Cut-Off Date or, as the case may be, the relevant Substitution Calculation Date under or in respect of a Personal Loan Agreement scheduled to be paid by the Personal Loan Customer on or before the Last Periodic Payment Date and each payment under such Personal Loan Agreement made to AFS at any time in respect of such amounts, the benefit of (or a beneficial interest in) which is held by the Receivables Trustee for the benefit of the Borrower on the terms of the Receivables Trust;

**Potential Event of Default** means an event which would be an Event of Default on the expiry of any grace period or analogous period or with the giving of notice, the making of a declaration or determination or the fulfilment of any other condition or any combination of those requirements;

**Prepaid Principal** means any Principal which is received on any day during a Calculation Period which is earlier than that in which the relevant payment of Principal was due from the Customer or is scheduled to be paid by the Customer under the relevant Receivables Agreement and which is paid by the Customer on the basis that it is to be applied in reducing the Outstanding Principal Balance under the Receivables Agreement on such earlier date; and an amount of Principal in respect of each Receivables Agreement shall be treated as *due* in the month to which it is allocated in accordance with the Income Recognition Method, save that, in the case of early termination or early settlement in respect of any particular Receivables Agreement all Principal outstanding on the date of early termination or early settlement shall be treated as immediately due;

**Principal** means the element of any Periodic Payment referable to a Receivables Agreement which is allocated to principal as calculated in accordance with the Income Recognition Method (or represents Prepaid Principal) (leaving out of account for this purpose any part of the Periodic Payment which represents Protected Payment Scheme Premium), provided that (subject to clause 1.3(b) of the Receivables Trust) in respect of a Part Payment the whole of the amount received shall be allocated to Income up to the amount which would have been allocated to Income had the whole of the Receivable or other payment been received;

**Principal Deficiency** means on any date, the amount standing to the debit of the Principal Deficiency Ledger;

**Principal Deficiency Ledger** means the ledger referred to in clause 13.9(d) of the Administration Agreement;

**Principal Priority of Payments** means the payments to be made pursuant to paragraph 3(a) of Schedule 1 to the Deed of Charge prior to the service of an Enforcement Notice;

**Principal Shortfall**, on a Calculation Date, means the aggregate amount of the Current Principal Shortfall and the aggregate amount of the Unfunded Principal Shortfall carried forward from the preceding Calculation Date;

**Principal Shortfall Ledger** means the ledger referred to in clause 13.9(a) of the Administration Agreement;

**Priority Expenses** means amounts set out in paragraphs 1 to 7 (inclusive) (or (i) if an administration order is made in relation to AFS under section 8 of the Insolvency Act 1986, for so long as amounts paid by Customers in respect of the Lease Receivables are not being applied in making payments under the Lease Receivables Loan Facility by virtue of section 11(3) of the Insolvency Act or the Reserve Fund is exhausted, paragraphs 1 to 5 (inclusive) or (ii) if the Reserve Fund is exhausted paragraphs 1 to 4 (inclusive)) in part 2 of Schedule 1 to the Receivables Trust;

**Protected Payment Scheme** means cover provided to certain Customers pursuant to the insurance policies issued by (i) NLA Group Limited (policy number NLA 57501) or (ii) Consolidated Life Assurance Company Limited and Consolidated Marine and General Insurance Company Limited (policy numbers NS470000 and AFS 508000, dated 1 July 1989 and 1 September 1991 respectively) or (iii) Sterling Life Limited and Albion Insurance Co. Limited (policy numbers AFS 124000 and AFS 125000, both dated November 1997 and AFS 238000 and AFS 239000, both dated 1 October 1998), whereby in the event of the death of the relevant Customer and/or if the relevant Customer or the person(s) specified under such Receivables Agreement becomes disabled or unemployed the relevant insurer will pay to AFS an amount equal to each Periodic Payment remaining to be paid under such Receivables Agreement, subject to certain limitations and excesses set out in such insurance policies;

**Protected Payment Scheme Premium** means that part of a Periodic Payment due from a Customer who has taken out Protected Payment Scheme cover which represents the premium payable by the Customer therefor;

**Protection Notice** means a notice given by the Security Trustee to Barclays to the effect that it has served an Enforcement Notice or a notice terminating the appointment of AFS as Administrator under the Administration Agreement accompanied by a certified copy of such Enforcement Notice or other notice;

**Qualifying Bank** means any of the following:

- (a) any institution which is a bank within the meaning given by Section 840A of the Income and Corporation Taxes Act 1988, which is beneficially entitled to interest payable under the CIBC Loan Agreement and subject to UK corporation tax in respect of that interest; and

- (b) any bank which is an assignee of a bank falling within (a) and is beneficially entitled to the interest payable thereunder and subject to UK corporation tax thereon;

**Rate of Interest** in relation to Tranche A, Tranche B or Tranche C as applicable, has the meaning assigned to it in Clause 5.2 of the CIBC Loan Agreement;

**Rating Agencies** means Moody's and Standard & Poor's;

**Receivables** means the HP Receivables, the Personal Loan Receivables and the Lease Receivables;

**Receivables Agreements** means the Sold Receivables Agreements and the Lease Agreements;

**Receivables Sale Contract** means any agreement for the sale of HP Receivables and/or Personal Loan Receivables concluded as a result of acceptance by the Borrower of an Offer to Sell;

**Receivables Trust** means the declaration of trust dated 29 July 1996 as amended by the Amendment Deed dated on or about the Closing Date by the Receivables Trustee over the Transaction Trust Property in favour of, *inter alia*, the Borrower and AFS, over the AFS Trust Property in favour of AFS and over the Lease Trust Property in favour of AFS, subject to the AFS Securitisation Charge, or, as the context may require, the trusts constituted thereby;

**Receivables Trustee** means Auto Funding Trustee No. 2 Limited, a company incorporated in England and Wales with registered number 3210454 whose registered office is at Third Floor, 20 St. James's Street, London SW1A 1ES or any other person or persons for the time being acting as the trustee or trustees pursuant to the Receivables Trust;

**Receivables Trustee's Account Bank** means the bank at which the Receivables Trustee's Account is held being, at the Closing Date, Barclays;

**Receivables Trustee's Account** means the account (number 60632961) of the Receivables Trustee with Barclays or such other account in the name of the Receivables Trustee with any other branch and/or bank as the Security Trustee shall have previously approved in writing in accordance with clause 3 of the Administration Agreement as the Receivables Trustee's Account;

**Receivables Trustee's AF2 GIC Account** means the account (number 314806) of the Receivables Trustee with UBS opened pursuant to the Receivables Trustee's AF2 Guaranteed Investment Contract or such other account of the Receivables Trustee opened pursuant to any replacement guaranteed investment contract with the prior approval of the FRN Trustee in accordance with clause 3 of the AF2 Administration Agreement;

**Receivables Trustee's Deposited Funds** means the funds deposited with the GIC Account Bank pursuant to the Receivables Trustee's Guaranteed Investment Contract;

**Receivables Trustee's Expenses** means the expenses listed in Schedule 2 to the Administration Agreement;

**Receivables Trustee's GIC Account** means the account (number 60069701) of the Receivables Trustee with Barclays opened pursuant to the Receivables Trustee's Guaranteed Investment Contract or such other account of the Receivables Trustee opened pursuant to any replacement guaranteed investment contract with the prior approval of the Security Trustee in accordance with clause 3 of the Administration Agreement;

**Receivables Trustee's Guaranteed Investment Contract** means the guaranteed investment contract dated or to be dated on or about the Closing Date between Barclays, the Receivables Trustee and the Security Trustee or any other guaranteed investment contract entered into by the Receivables Trustee with the prior written approval of the Security Trustee in accordance with clause 4 of the Administration Agreement;

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

**Recourse Amounts** shall have the meaning set out in clause 10.2 of the Lease Receivables Loan Facility Agreement;

**Recourse Obligation** means any obligation to pay a Recourse Amount or any obligation of AFS under the Lease Receivables Loan Facility Agreement or the AFS Securitisation Charge, breach of which would give rise to an obligation to pay a Recourse Amount other than pursuant to clause 11 of the Lease Receivables Loan Facility Agreement;

**Recourse Relevant Event** means any of the events listed in paragraphs (a) to (d) of clause 11.1 of the Lease Receivables Loan Facility Agreement;

**Recovery** means any amount of Principal in respect of a Receivable which is received in a Calculation Period after that in which it is first due;

**Reference Accounts** means, at any time, the audited profit and loss account and balance sheet of the Borrower or, as the case may be, AFS provided to CIBC and the Security Trustee in accordance with clause 14.1(b) of the CIBC Loan Agreement and clause 7.4(b) of the AFS Securitisation Charge.

**Reference Banks** means Canadian Imperial Bank of Commerce, London Branch, The Chase Manhattan Bank and National Westminster Bank PLC;

**Refundable Deduction** means a withholding or deduction for or on account of Tax levied by a jurisdiction which under the law of any jurisdiction will or should be or become, in whole or part, the subject of any Tax credit, allowance, set-off, repayment or refund to the payee (or to the payer on the payee's behalf);

**Related Swap Transaction** means, in relation to any Back-to-Back Swap Transaction, the Swap Transaction in relation to which the Initial Confirmation is entered into and each Further Swap Transaction (all as defined in the Interest Rate Exchange Agreement) entered into by the Swap Counterparty and the Borrower pursuant to the Interest Rate Exchange Agreement which has the same Effective Date (as defined therein) as such Back-to-Back Swap Agreement;

**Relevant Event** means any of the events listed in the paragraphs (a) to (g) of clause 11.1 of the Lease Receivables Loan Facility Agreement;

**Relevant Information** means all information held by (or to the order of) AFS (including, for the avoidance of doubt, computer records) relating to the Dealers, the Receivables, the Receivables Agreements, the Insurances, the Assets and any Asset Contracts including, without limitation, (a) any credit score calculated for the Customer under a Receivables Agreement to which the Credit Scoring Procedures are applied, (b) each Receivables Agreement and any guarantee relating thereto, (c) each document recording details of the Assets, (d) all payment, collection, delinquency and status records maintained by AFS, (e) any correspondence between AFS and any Customer relating to the relevant Receivables Agreement and (f) each Asset Contract;

**Repayment Principal** means, in relation to a Calculation Date, the amount which will be applied in repaying the Lease Receivables Loan pursuant to clause 5.2(c) of the AFS Securitisation Charge on the immediately following Payment Date;

**Reporting Date** means the fourth Business Day prior to each Payment Date;

**Required Rating** means a short term rating of not less than A-1+ from Standard & Poor's and P-1 from Moody's;



**Reserve Fund** means, on any date, the aggregate of the credit balances on the Reserve Fund AFS Ledger and the Reserve Fund Borrower Ledger after making any credit or debit entries to be made on that date;

**Reserve Fund AFS Ledger** means the ledger referred to in clause 13.9(c) of the Administration Agreement;

**Reserve Fund Borrower Ledger** means the ledger referred to in clause 13.9(b) of the Administration Agreement;

**Reserve Fund Requirement** means an amount calculated as the following percentage of the aggregate maximum principal amount of Tranche A and Tranche B:

Prior to any Delinquency Trigger being hit	3.47%
If The First or Second Delinquency Trigger is hit	4.47%
If The First and Second Delinquency Triggers are hit	5.47%
On each occasion when The Further Delinquency Trigger is hit an additional	0.5%

**Reserve Fund Shortfall** means, on any Payment Date the amount (if any) by which the Reserve Fund, after making any debit to the Reserve Fund AFS Ledger or the Reserve Fund Borrower Ledger to be made on that date, is less than the Reserve Fund Requirement;

**Returned Payments** means any shortfall debited to the Barclays Collection Account pursuant to clause 3.3(a) of the Bank Agreement;

**Revenue Priority of Payments** means the payments to be made pursuant to paragraph 3 of Schedule 1 to the Deed of Charge prior to the service of an Enforcement Notice;

**Sample Assignment** means a written memorandum, substantially in the form set out in Schedule 4 to the Standard Terms and Conditions, executed pursuant to clause 2.12(a) of the Standard Terms and Conditions recording the sale and purchase of a representative sample of the Sold Receivables subject to the First Offer to Sell provided that the aggregate of the Outstanding Principal Balances of the Sold Receivables comprised in such sample shall not exceed £10,000;

**Scottish AFS Securitisation Charged Property** means AFS Securitisation Charged Property governed by or otherwise subject to Scots law;

**Scottish Completion Trust** means any trust constituted pursuant to clause 5 of any Offer to Sell;

**Scottish Completion Trust Declaration** means the form of declaration of trust set out in Appendix 5 to the Standard Terms and Conditions and a declaration of trust in such form to be made pursuant to clause 2.8 of the Standard Terms and Conditions by AFS, the Receivables Trustee and the Borrower;

**Scottish Completion Trust Property** means the property, assets and other rights which are or are intended to be the subject of and held on trust by AFS under or pursuant to a Scottish Completion Trust;

**Scottish Further Lease Receivables** means Further Lease Receivables governed by or otherwise subject to Scots law;

**Scottish Receivables Trust Declaration** means the form of declaration of trust set out in Appendix 6 to the Standard Terms and Conditions and a declaration of trust in such form to be made pursuant to clause 2.8 of the Standard Terms and Conditions by the Receivables Trustee, the Borrower and AFS;

**Scottish Security Completion Trust** means any trust constituted pursuant to clause 3.6 or 3.10(b) of the AFS Securitisation Charge;

**Scottish Security Completion Trust Declaration** means the form of Declaration of Trust set out in Appendix 4 to the AFS Securitisation Charge and a Declaration of Trust in such form to be made pursuant to clauses 3.6 or 3.10(b) of the AFS Securitisation Charge;

**Scottish Security Completion Trust Property** means the property, assets or other rights which are or are intended to be the subject of and held on trust by AFS under or pursuant to any Scottish Security Completion Trust;

**Scottish Sold Receivables** means all debts and other monetary obligations, whether or not they are then payable or otherwise eligible, owed or due by Hirers or Borrowers on or at any time after the Cut-Off Date or, as the case may be, Substitution Calculation Date, under or in respect of the Sold Receivables Agreements (if any) which are governed by or otherwise subject to Scots law and all payments under or in respect of such Sold Receivables Agreements made to AFS (or its assignees) at any time (other than debts, other monetary obligations or payments in each case in respect of AFS Entitled Receivables) and whether or not then payable in total or partial discharge of such debts and other obligations, and includes all the Ancillary Rights which relate to such Receivables and/or Sold Receivables Agreements;

**Section 42 Relief** means the adjudication by the Commissioners of the Inland Revenue of the instrument submitted to them pursuant to section 42 of the Finance Act 1930 as not chargeable with any duty;

**Secured Amounts** means the moneys and liabilities which the Borrower covenants to pay or discharge pursuant to clause 2 of the Deed of Charge;

**Secured Parties** means the Security Trustee, CIBC, the Swap Counterparty, any Receiver, the Receivables Trustee, the Administrator, AFS and Broomfield;

**Security Interest** means any outright assignment subject to an equity of redemption, assignation, assignment by way of security, mortgage, sub-mortgage, charge, sub-charge, pledge, hypothec, right of set-off (or analogous right), retention of title, lien or other security interest or arrangement, however created or arising under any relevant law;

**Security Trustee** means Bankers Trustee Company Limited or any other person or persons for the time being acting as the trustee or trustees pursuant to the Deed of Charge;

**Security Trustee's Security** means each of:

- (a) the transfers, assignments and charges in respect of the property, assets, interest and rights detailed in clauses 3.1, 3.2, 3.3 and 3.4 of the Deed of Charge; and
- (b) the floating charge over the whole of the undertaking, property and assets of the Borrower, whatsoever and wheresoever, present and future, including uncalled capital, not subject to the transfers, assignments and charges referred to in (a) above and including without limitation the whole of the Borrower's undertaking, property, assets and rights situated in Scotland or otherwise governed by or subject to the laws of Scotland,

contained in the Deed of Charge and/or any further transfer, assignment or charge executed pursuant to the Deed of Charge in favour of the Security Trustee by way of security for the Secured Amounts;

**Sold Receivables** means the HP Receivables and the Personal Loan Receivables which are the subject of an Offer to Sell which is accepted;

**Sold Receivables Agreements** means the HP Agreements and the Personal Loan Agreements from which the Receivables are derived;

**Sold Receivables Listing** means a computer printout (in the agreed form) of AFS' computer records containing, among other things, the information specified in Schedule 3 to the Standard Terms and Conditions in relation to the Sold Receivables offered to be sold by AFS to the Borrower and the Receivables Trustee in a given Offer to Sell;

**Specified Criteria** means either the criteria set out in Schedule 1 to the Standard Terms and Conditions or the criteria set out in Schedule 1 to the AFS Securitisation Charge, as the case may be;

**Stamp Duty Advance** means the principal amount made available to the Borrower under clause 2 of the Stamp Duty Loan Agreement by way of loan or, as the context requires, the principal amount thereof for the time being outstanding under the Stamp Duty Loan;

**Stamp Duty Advance Shortfall** means, in respect of any Payment Date, the aggregate of amounts due but unpaid under clause 5.2(g)(i) of the AFS Securitisation Charge in respect of each preceding Payment Date;

**Stamp Duty Determination Event** means any of the following:

- (a) in respect of the Sample Assignment, the Full Assignment or any Further Assignment, any refusal by the Commissioners of the Inland Revenue to denote the instrument as not chargeable with duty;
- (b) subject to the relevant instrument (whether it be the Sample Assignment, the Full Assignment, any Further Assignment or otherwise) not being denoted as not chargeable with duty, as regards any written instruments created to transfer, convey or acknowledge or record the transfer or conveyance of any Sold Receivable and Ancillary Rights thereto or any interest in any Sold Receivable and Ancillary Rights thereto (and, for the avoidance of doubt, no Transaction Document is such an instrument other than a memorandum executed pursuant to clause 2.12(a), 2.12(b), 2.12(c) or 2.12(d) of the Standard Terms and Conditions), the execution of those instruments where this occurs on or after 1 October 1999 or, if executed before 1 October 1999, their execution in the United Kingdom or, if executed outside the United Kingdom, their being brought into the United Kingdom;
- (c) as regards any instruments or agreements to which it may be relevant, a change of law or generally published Inland Revenue practice which, in the opinion of the Adviser, as confirmed by a legal adviser selected by CIBC, taking into account any available exemptions or reliefs, gives rise to a legal requirement to pay stamp duty in respect of the relevant instruments or agreements or will result in interest or penalties potentially becoming due in respect of the relevant instruments if the stamp duty is not paid;

**Stamp Duty Loan Agreement** means the stamp duty loan agreement dated the Closing Date between the Borrower, AFS and the Security Trustee;

**Stamp Duty Loan Facility** means the loan provided by AFS to the Borrower pursuant to the Stamp Duty Loan Agreement entered into on the Closing Date between the Borrower and AFS;

**Stamp Duty Payment Date** means the date falling 30 days after the date of execution of the assignment, transfer or document upon which such stamp duty is or may be payable unless (i) the document has been adjudicated as not chargeable with duty before that date or (ii) application for Section 42 Relief has been made and no notice of assessment has been received by that date in which case the Stamp Duty Payment Date shall be a date falling as soon as reasonably practicable after, and in any event no later than 9 Business Days after, receipt of any notice of assessment;

**Stamp Duty Payment Shortfall** means, on any Stamp Duty Payment Date, the amount (if any) by which the amount standing to the credit of the Stamp Duty Reserve Ledger (after crediting to such ledger all amounts (if any) advanced to the Borrower under the Stamp Duty Loan Agreement on such date) is less than the amount of the stamp duty (including any interest) payable on such Stamp Duty Payment Date;

**Stamp Duty Reserve Fund** means, on any date, the credit balance on the Stamp Duty Reserve Ledger after making any credit or debit entries to be made on that date;

**Stamp Duty Reserve Fund Priority of Payments** means the payments to be made pursuant to paragraph 6 of Schedule 1 to the Deed of Charge;

**Stamp Duty Reserve Fund Surplus** means, on any Payment Date, the excess (if any) of the amount standing to the credit of the Stamp Duty Reserve Ledger on such Payment Date (*excluding* any interest accrued on such moneys *but including* any amounts transferred to such Ledger on such Payment Date on account of an advance under the Stamp Duty Loan Facility) above the aggregate of the Stamp Duty Reserve Required Amount and the Tranche C Outstandings on such Payment Date;

**Stamp Duty Reserve Ledger** means the ledger referred to in clause 13.9(h) of the Administration Agreement;

**Stamp Duty Reserve Required Amount** means in relation to any Payment Date falling within the Substitution Period, an amount equal to the product of the current rate of stamp duty on that Payment Date applied to:

- (a) in respect of any Payment Date falling prior to Section 42 Relief being obtained in respect of the Full Assignment, the aggregate of the Outstanding Principal Balances in relation to the Receivables on the Calculation Date immediately preceding such Payment Date less, in the event that Section 42 Relief has been obtained in respect of the Sample Assignment, the Outstanding Principal Balances in relation to the Sold Receivables which were the subject of the Sample Assignment; and
- (b) in respect of any Payment Date falling on or after Section 42 Relief is granted in respect of the Full Assignment, the aggregate of the Outstanding Principal Balances in relation to Further Sold Receivables on the Calculation Date preceding such Payment Dates unless and until and except to the extent that Section 42 Relief is obtained in respect of a Further Assignment in respect of some or all of such Further Sold Receivables;

**Standard & Poor's** means Standard & Poor's Rating Services, a division of The McGraw-Hill Group of Companies, Inc. of Garden House, 18 Finsbury Circus, London EC2M 7BP or any successor to its rating business;

**Standard Documents** means the specimen forms of hire purchase, personal loan and lease agreements and guarantees attached to the Standard Terms and Conditions as Appendix 7 and such other form or forms of hire purchase, personal loan and lease agreements and guarantees as AFS may (acting as a reasonably prudent financier) adopt from time to time in accordance with clause 10 of the Administration Agreement;

**Standard Terms and Conditions** means the terms and conditions to be expressly and specifically incorporated into any Receivables Sale Contract, signed by Freshfields and Lovell White Durrant for the purposes of identification;

**Start-up Loan** means the subordinated loan made by AFS to the Borrower on the Closing Date under the Start-up Loan Agreement;

**Start-up Loan Agreement** means the agreement dated the Closing Date between the Borrower, AFS and the Security Trustee under which AFS will make available to the Borrower a start-up loan facility in order to provide funding for certain expenses of the Borrower;

**Sterling, pounds** and £ mean the lawful currency for the time being of the United Kingdom;

**Subordinated Loan** means the subordinated loan made by AFS to the Borrower on the Closing Date under the Subordinated Loan Agreement;

**Subordinated Loan Agreement** means the subordinated loan agreement dated on or about the Closing Date between AFS, the Borrower and the Security Trustee under which AFS will make a subordinated loan to the Borrower on the Closing Date to establish the Reserve Fund at the initial Reserve Fund Requirement;

**Subparticipation Agreement** means the sub-participation agreement dated the Closing Date between CIBC and the Conduit;

**Subsidiaries** means AFS, CMGH, the Receivables Trustee, the Issuer and the Borrower;

**Substitution Calculation Date** means close of business on the ninth Business Day prior to each Substitution Date;

**Substitution Date** means each Interest Payment Date falling during the Substitution Period;

**Substitution Drawdown** means a Drawdown made or to be made under the Facility pursuant to clause 5 of the Lease Receivables Loan Facility Agreement or any portion thereof for the time being outstanding;

**Substitution Expiry Date** means the Substitution Date falling in June 2001;

**Substitution Period** means the period from the Closing Date to (and including) the Substitution Expiry Date;

**Supplemental AF2 AFS Securitisation Charge** means a supplement to the AF2 AFS Securitisation Charge executed in connection with a AF2 Lease Receivables Advance;

**Supplemental AFS Securitisation Charge** means a supplement to the AFS Securitisation Charge executed in connection with a Lease Receivables Advance;

**Supplemental Debenture** means the supplemental debentures to the BNS Debenture dated 29 July 1996 and 27 July 1999;

**Swap Counterparty** means Canadian Imperial Bank of Commerce acting through its London Branch at Cottons Centre, Cottons Lane, London SE1 2QL and any successor deriving title under or through it;

**Swap Floating Rate** means the rate per annum determined by CIBC to be the aggregate of (i) LIBOR and (ii) 0.65 per cent. per annum;

**Swap Termination Amount** means the amount payable under the Interest Rate Exchange Agreement or, as the case may be Back-to-Back Swap Agreement in respect of the relevant Terminated Transaction;

**Swap Transaction** means any swap transaction entered into under the Interest Rate Exchange Agreement on the Closing Date or on any Substitution Date on which an Offer to Sell is made and accepted or a Lease Receivables Advance is made and a Lease Receivables Listing is delivered under the AFS Securitisation Charge, and, in relation to a Receivables Agreement, the relevant Swap Transaction is the Swap Transaction entered into on the date on which the Offer to Sell specifying such Receivables Agreement is made or the Lease Receivables Listing specifying such Receivables Agreement is delivered;

**Swingline Facility Interest Rate** means a rate of interest equal to the aggregate of

- (a) the base rate of interest applicable to a drawing under the Conduit Swingline Facility; and
- (b) the Conduit Margin,

such calculation to be made on the basis of the actual number of days elapsed and a 365 day year for the relevant period;

**Tax** includes all forms of tax, duty or charge on gross or net income, profits or gains, distributions, receipts, sales, use, occupation, franchise, value added, personal property and instruments, and any levy, impost, duty, charge or withholding of any nature whatsoever chargeable by any governmental authority, whether in the United Kingdom or elsewhere, together with all penalties, charges and interest relating to any of the foregoing;

**Termination Date** means the Payment Date falling in June 2004;

**Termination Event** means any of the events set out in clause 24.1 of the Administration Agreement;

**The First Delinquency Trigger being hit** means:

- (i) the aggregate Outstanding Principal Balances of the Receivables in respect of Receivables Agreements in relation to which an amount equal to not less than one and not more than two times the Periodic Payment has fallen due and remains unpaid, being equal to or greater than 5.75% of the aggregate Outstanding Principal Balances of the Receivables; and/or
- (ii) the aggregate Outstanding Principal Balances of the Receivables in respect of Receivables Agreements in relation to which an amount equal to not less than one and not more than four times the Periodic Payment has fallen due and remains unpaid, being equal to or greater than 6.9% of the aggregate Outstanding Principal Balances of the Receivables;

**The Further Delinquency Trigger being hit** means the level of the Second Delinquency Trigger being exceeded by an additional 0.5%, on each occasion when that occurs;

**The Second Delinquency Trigger being hit** means the aggregate Outstanding Principal Balances of (i) Receivables in respect of Receivables Agreements in relation to which an amount equal to or more than five times the Periodic Payment has fallen due and remains unpaid, (ii) Receivables which relate to Customers in respect of whom an Insolvency Event has occurred and (iii) Receivables which are required to be written off in accordance with the AFS Operating Procedures, being equal to or greater than 2.5% of the aggregate Outstanding Principal Balances of the Receivables;

**Total Commitment** means, at any time, the aggregate of Tranche A, Tranche B and Tranche C;

**Total Outstandings** means, at any time, the aggregate of all Tranche A Outstandings, Tranche B Outstandings and Tranche C Outstandings;

**Tranche** means any one or more of Tranche A, Tranche B or Tranche C;

**Tranche A** means a maximum principal amount of £104,250,000, to the extent not reduced or cancelled in accordance with the provisions of the CIBC Loan Agreement;

**Tranche A Advance** means the principal amount made available to the Borrower under the CIBC Loan Agreement by way of loan or (as the context requires) the principal amount thereof for the time being outstanding under Tranche A;

**Tranche A Outstandings** means, at any time, the aggregate of all Tranche A Advances which have not been fully repaid or prepaid at such time;

**Tranche A Repayment Date** means the date on which all amounts due or owing by the Borrower to CIBC under or in connection with Tranche A of the CIBC Loan Agreement have been paid in full;

**Tranche B** means a maximum principal amount of £3,750,000, to the extent not transferred, reduced or cancelled in accordance with the provisions of the CIBC Loan Agreement;

**Tranche B Advance** means the principal amount made available to the Borrower under the CIBC Loan Agreement by way of loan or (as the context requires) the principal amount thereof for the time being outstanding under Tranche B;

**Tranche B Outstandings** means, at any time after the Tranche B Advance is drawn, the aggregate principal amount for the time being outstanding under the Tranche B Advance at such time;

**Tranche C** means at any time the aggregate of:

- (a) the lesser of (i) £3,780,000 and (ii) an amount equal to 3.5% of the aggregate of the Outstanding Principal Balances in relation to the Sold Receivables on the immediately preceding Calculation Date;

less

- (b) the amount standing to the credit of the Stamp Duty Reserve Ledger,

to the extent not reduced or cancelled in accordance with the provisions of the CIBC Loan Agreement;

**Tranche C Advance** means the principal amount made available to the Borrower under clause 4.2 of the CIBC Loan Agreement by way of loan or (as the context requires) the principal amount thereof for the time being outstanding under Tranche C;

**Tranche C Commitment Expiry Date** means the date on which the commitment to advance Funds in respect of Tranche C becomes zero or is deemed to be zero;

**Tranche C Guarantee** means the deed of guarantee dated on or about the Closing Date given by AFS in favour of CIBC in respect of the Borrower's obligations in respect of Tranche C of the CIBC Loan Agreement;

**Tranche C Outstandings** means, at any time after the Tranche C Advance is drawn, the aggregate principal amount for the time being outstanding under the Tranche C Advance at such time;

**Transfer Certificate** means a certificate in the form of Schedule 4 to the CIBC Loan Agreement delivered pursuant to Clause 18 of the CIBC Loan Agreement;

**Transaction** means the transaction contemplated by the Transaction Documents;

**Transaction Direct Debits** payments made under the Direct Debiting Scheme in respect of the Transaction Trust Property and the Lease Trust Property;

**Transaction Documents** means the CIBC Loan Agreement, the Tranche C Guarantee, the Deed of Charge, each Further Deed of Assignment pursuant to the Deed of Charge, the Warranty Deed, the Receivables Trust (as amended), any Receivables Sale Contract, the Lease Receivables Loan Facility Agreement, the AFS Securitisation Charge, each Supplemental AFS Securitisation Charge, each further Deed of Assignment pursuant to the AFS Securitisation Charge, the AFS Floating Charge, the AFS Securitisation Floating Charge, the Interest Rate Exchange Agreement, the Stamp Duty Loan Agreement, the Administration Agreement, the Corporate Services Agreement, the Bank Agreement (as amended), the Start-up Loan Agreement, the Subordinated Loan Agreement, the Receivable Trustee's Guaranteed Investment Contract, the Borrower's Guaranteed Investment Contract and any other obligation or interest arising or agreement or document executed pursuant to or in connection with any of the above;

**Transaction Trust Property** means:

- (a) the Initial Transaction Trust Property to the extent that the proceeds of any such Initial Transaction Trust Property are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust;
- (b) all further property which may be transferred by AFS to, or constituted in favour of or otherwise paid to or placed under the control of or held by, the Receivables Trustee as an addition to the Transaction Trust Property including, without limitation:
  - (i) the benefit of any Further Sold Receivables and the Ancillary Rights relating thereto;
  - (ii) the benefit of the Further Sold Insurances to the extent that the proceeds of any such Further Sold Receivables are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust; and
  - (iii) the benefit of any Asset Contract entered into in respect of the Asset from which each Further Sold Receivable derives to the extent that the proceeds of any such Asset Contract are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust; and
  - (iv) the Initial Scottish Beneficial Interest and the beneficial interest in and under any Scottish Completion Trusts in respect of Sold Receivables to the extent that the proceeds of any interests in any such Scottish Completion Trusts are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust; and
  - (v) the AFS Floating Charge and the whole right, title, benefit and interest of the Receivables Trustee therein, thereunder and pursuant thereto, including, without limitation, the floating charge created thereby and the rights, powers and immunities relating thereto to the extent that the proceeds of any such AFS Floating Charge are apportioned to the Borrower in accordance with clause 1.3 of the Receivables Trust;
- (c) all moneys, investments and property from time to time representing or derived from the property referred to in (b) above including, without limitation, moneys deposited in the Trust Accounts insofar as they relate to the Sold Receivables, but, for the avoidance of doubt, excluding any AFS Trust Property, AF2 Trust Property and Lease Trust Property and all rights and interests of the Receivables Trustee in and to the foregoing;

**Treaty on European Union** means the Treaty of Rome of 25 March 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on 7 February 1992 and came into force on 1 November 1993), as amended from time to time; and

**Trust Accounts** means the Midland Collection Accounts, the BoS Collection Account, Barclays Collection Account, the Receivables Trustee's Account and the Receivables Trustee's GIC Account;

**Trust Property** means Transaction Trust Property, AFS Trust Property and AF2 Trust Property;

**UBS** means UBS AG, being Union Bank of Switzerland's successor following completion of the Union Bank of Switzerland and Swiss Bank Corporation merger;

**Unfunded Principal Deficiency** means, as at a Calculation Date, the amount by which the Principal Deficiency as at that Calculation Date is greater than the amount to be debited to the Reserve Fund Borrower Ledger on the immediately following Interest Payment Date;

**Unfunded Principal Shortfall** means, as at a Calculation Date, the amount by which the aggregate of the Current Principal Shortfalls debited, or which on the immediately following Payment Date are to be debited to the Principal Shortfall Ledger as at that Calculation Date is greater than the aggregate of any AFS Credit Warranty Payments credited or which are on the immediately following Payment Date to be credited to the Principal Shortfall Ledger;



**Warranty Deed** means the deed dated on or about the Closing Date between AFS, the Borrower, the Receivables Trustee and the Security Trustee containing certain warranties.

## **PART II**

### **Amount Secured by the Mortgage or Charge**

All monies and liabilities whatsoever which from time to time become due, owing or payable by AFS to the Borrower under the AFS Credit Warranty, the AFS Liquidity Warranty, the Lease Receivables Loan Facility Agreement or the AFS Securitisation Charge (the "AFS Securitisation Secured Amounts").

## **PART III**

### **Short Particulars of the Property Mortgaged or Charged**

Under clause 2 of the Supplemental Charge AFS with full title guarantee (subject to the floating charge set out in clause 3.1(iv) of the Debenture) and subject to clause 4 of the AFS Securitisation Charge, charged, conveyed, assigned and transferred (subject to the subsisting rights of settlement or redemption of Lessees) to the Borrower all its rights, title interest and benefit, present and future, in and to the Lease Receivables deriving from the Lease Agreements, details of which are set out in the Lease Receivables Listing set out in the Appendix to the Supplemental Charge (and set out as Part IV of this Schedule) and all monies, rights, powers and property which may from time to time and at any time derive from or relates thereto.

## **PART IV**

### **Lease Receivables Listing**

**FILE COPY**



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

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

COMPANY No. 01682485

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUPPLEMENTAL DEED OF CHARGE AND ASSIGNMENT DATED THE 29th OCTOBER 1999 AND CREATED BY AUTOMOTIVE FINANCIAL SERVICES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO AUTO FUNDING NO. 3 PLC UNDER THE AFS CREDIT WARRANTY, THE AFS LIQUIDITY WARRANTY, THE LEASE RECEIVABLES LOAN FACILITY AGREEMENT OR THE AFS SECURITISATION CHARGE (THE "AFS SECURITISATION SECURED AMOUNTS") WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 15th NOVEMBER 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 18th NOVEMBER 1999.



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES



**C O M P A N I E S   H O U S E**