



Registration of a Charge

Company name: **Finsbury Square 2016-2 PLC**

Company number: **10357373**



X5HRS8RK

Received for Electronic Filing: **17/10/2016**

Details of Charge

Date of creation: **13/10/2016**

Charge code: **1035 7373 0001**

Persons entitled: **WELLS FARGO TRUST CORPORATION LIMITED, ONE PLANTATION PLACE, 30 FENCHURCH STREET, LONDON EC3M 3BD (AS TRUSTEE FOR AND ON BEHALF OF THE SECURED CREDITORS)**

Brief description: **N/A**

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC**

**COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION
FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

CLIFFORD CHANCE LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 10357373

Charge code: 1035 7373 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 13th October 2016 and created by Finsbury Square 2016-2 PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 17th October 2016 .

Given at Companies House, Cardiff on 18th October 2016

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



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

DATED 13 OCTOBER 2016

FINSBURY SQUARE 2016-2 PLC
AS ISSUER

AND

WELLS FARGO TRUST CORPORATION LIMITED
AS TRUSTEE

AND

OTHERS

DEED OF CHARGE

CONTENTS

Clause	Page
1. Definitions.....	2
2. The Issuer's Covenant to Pay.....	4
3. Security.....	5
4. Redemption and Release	9
5. Restrictions on Exercise of Certain Rights.....	11
6. Upon Enforcement	13
7. Continuance of Security and Conflict	15
8. Expenses.....	16
9. The Trustee's Powers.....	16
10. Receiver.....	20
11. Protection of Third Parties	22
12. Protection of Trustee and Receiver	23
13. Indemnity.....	24
14. Further Assurances and Power of Attorney	25
15. Other Security etc.....	26
16. Warranties and Covenants.....	26
17. Application to Court.....	31
18. Miscellaneous	31
19. Notices.....	32
20. Electronic Directions.....	36
21. Counterparts	37
22. Governing Law.....	37
23. Contracts (Rights of Third Parties) Act 1999.....	37
Schedule 1 Form of Accession Undertaking	46

THIS DEED OF CHARGE is executed as a deed on 13 October 2016

BETWEEN:

- (1) **FINSBURY SQUARE 2016-2 PLC** whose registered number is 10357373 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP (the "**Issuer**");
- (2) **WELLS FARGO TRUST CORPORATION LIMITED** whose registered number is 4409492 and whose registered office is at One Plantation Place, 30 Fenchurch Street, London EC3M 3BD in its capacity as trustee for and on behalf of the Noteholders, the Certificateholders and the other Secured Creditors (the "**Trustee**", which expression shall include such company and all other persons or companies for the time being acting in the capacity of trustee or trustees under the Trust Deed or under this Deed);
- (3) **KENSINGTON MORTGAGE COMPANY LIMITED** whose registered number is 3049877 and whose registered office is at Ascot House, Maidenhead Office Park, Maidenhead SL6 3QQ, United Kingdom in its capacities as cash/bond administrator under the Cash/Bond Administration Agreement (the "**Cash/Bond Administrator**"), as mortgage administrator under the Mortgage Administration Agreement (the "**Mortgage Administrator**"), as trustee under the Collection Account (Initial) Declaration of Trust, the Main Collection Account Declaration of Trust, F Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Declaration of Trust and the R Collection Account Supplemental Deed of Declaration of Trust ("**KMC**") and as the legal title-holder (the "**Legal Title-Holder**");
- (4) **KOALA WAREHOUSE LIMITED**, being a company incorporated in England and Wales with limited liability (registered number 09182194) whose registered office is at 11 Old Jewry, 7th Floor, London, England EC2R 8DU ("**KWL**", the "**Seller**");
- (5) **CITIBANK, N.A., LONDON BRANCH** acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom in its capacities as account bank (the "**Account Bank**"), as GIC provider (the "**GIC Provider**") under the Bank Agreement, as swap collateral account bank (the "**Swap Collateral Account Bank**") under the Bank Agreement and the Swap Collateral Account Bank Agreement, as Custodian (the "**Custodian**") under the Swap Collateral Account Bank Agreement and as principal paying agent (the "**Principal Paying Agent**"), as agent bank (the "**Agent Bank**") and as registrar (the "**Registrar**") under the Paying Agency Agreement;
- (6) **BARCLAYS BANK PLC** whose registered number is 01026167 acting through its office at 1 Churchill Place, London E14 5HP, United Kingdom (the "**Collection Accounts Provider**");
- (7) **STRUCTURED FINANCE MANAGEMENT LIMITED** whose registered number is 03853947 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom (the "**Corporate Services Provider**", "**Legal Title-Holder Facilitator**" and "**Mortgage Administration Facilitator**");

- (8) **FINSBURY SQUARE 2016-2 PARENT LIMITED** whose registered number is 10357305 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom (the "**Covenantor**");
- (9) **WELLS FARGO BANK INTERNATIONAL** acting through its office at 2 Harbourmaster Place, I.F.S.C., Dublin, Ireland, in its capacity as the standby cash/bond administrator (the "**Standby Cash/Bond Administrator**");
- (10) **BNP PARIBAS, LONDON BRANCH** whose registered number is BR000170 and whose registered office is at 10 Harewood Avenue, London NW1 6AA, United Kingdom in its capacity as interest rate swap counterparty under the Swap Agreement (the "**Swap Counterparty**"); and
- (11) Any other person who accedes to this Deed by way of an Accession Undertaking.

WHEREAS:

- (A) This Deed is supplemental to the Trust Deed which is dated on or about the date of this Deed and made between the Issuer and the Trustee relating to the Notes and the Certificates as defined in the master definitions schedule dated on or about the date of this Deed and signed for the purpose of identification by the Issuer and the Seller (as amended from time to time) (the "**Master Definitions Schedule**").
- (B) Each Secured Creditor (other than the Trustee) appoints the Trustee to act as trustee under and in connection with the Charged Obligation Documents.

NOW THIS DEED WITNESSES and it is hereby agreed and declared as follows:

1. DEFINITIONS

- 1.1 Unless otherwise defined in this Deed or the context requires otherwise words and expressions used in this Deed have the meanings and instructions ascribed to them in the Master Definitions Schedule.
- 1.2 References herein to the Trustee, the Covenantor, the Legal Title-Holder, KMC as trustee under the Collection Account (Initial) Declaration of Trust, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Declaration of Trust, the R Collection Account Supplemental Deed of Declaration of Trust and the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Mortgage Administrator, the Mortgage Administration Facilitator, Legal Title-Holder Facilitator, the Principal Paying Agent, the Agent Bank, the Registrar, the Collection Accounts Provider, the Account Bank, the GIC Provider, the Swap Collateral Account Bank, the Custodian and the Corporate Services Provider include references to successors and persons deriving title under or through them respectively.
- 1.3 References herein to the Notes and the Certificates include the Notes Conditions and the Certificate Conditions appertaining thereto respectively and any references to an amount of money due or payable by reference to the Notes and the Certificates shall include any sum covenanted to be paid by the Issuer under the Trust Deed in respect of the Notes and the Certificates respectively.

1.4 Where reference is made in this Deed to:

- 1.4.1 the Mortgage Administration Agreement;
- 1.4.2 the Cash/Bond Administration Agreement;
- 1.4.3 the Standby Cash/Bond Administration Agreement;
- 1.4.4 the KWL/Issuer Mortgage Sale Agreement;
- 1.4.5 the Bank Agreement;
- 1.4.6 the Collection Account (Initial) Agreement;
- 1.4.7 the Main Collection Account Agreement;
- 1.4.8 the F Collection Account Agreement;
- 1.4.9 the F Collection Account Beneficiary Accession Agreement;
- 1.4.10 the F Collection Account Trustee Accession Agreement;
- 1.4.11 the R Collection Account Agreement;
- 1.4.12 the R Collection Account Beneficiary Accession Agreement;
- 1.4.13 the R Collection Account Trustee Accession Agreement;
- 1.4.14 the Collection Account (Initial) Declaration of Trust;
- 1.4.15 the Main Collection Account Declaration of Trust;
- 1.4.16 the F Collection Account Declaration of Trust;
- 1.4.17 the F Collection Account Supplemental Deed of Declaration of Trust;
- 1.4.18 the R Collection Account Declaration of Trust;
- 1.4.19 the R Collection Account Supplemental Deed of Declaration of Trust
- 1.4.20 the Paying Agency Agreement;
- 1.4.21 the Corporate Services Agreement;
- 1.4.22 the Deed Poll;
- 1.4.23 the Issuer/ICSD Agreement;
- 1.4.24 the Trust Deed;
- 1.4.25 the Swap Agreement;
- 1.4.26 the Swap Collateral Account Bank Agreement; and

1.4.27 the Retention Letter,

(and together with any agreement entered into between the Issuer and a secured party to this Deed, the "**Charged Obligation Documents**"),

the provisions to which reference is made shall be deemed to be included in this Deed to the extent necessary to give effect thereto.

1.5 This Deed shall be construed and interpreted in accordance with the provisions of clause 1.2 (*Interpretation*) of the Master Definitions Schedule.

1.6 In the event of a conflict between the provisions of this Deed and those of the Master Definitions Schedule, the provisions of this Deed shall prevail.

1.7 By their execution of this Deed:

1.7.1 each of the Trustee, the Covenantor, KMC as trustee under the Collection Account (Initial) Declaration of Trust, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Declaration of Trust, the R Collection Account Supplemental Deed of Declaration of Trust, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Mortgage Administrator, the Mortgage Administration Facilitator, Legal Title-Holder, the Legal Title-Holder Facilitator, the Collection Accounts Bank Provider, the Principal Paying Agent, the Agent Bank, the Registrar, the Account Bank, the GIC Provider, the Swap Collateral Account Bank, the Custodian, the Swap Counterparty, the Seller and the Corporate Services Provider acknowledge, and consent to, the assignment pursuant to Clause 3.3 (*Contractual and Other Rights*) of the contracts referred to in sub-clause 3.3.1 to which they are a party; and

1.7.2 each of the Account Bank and the GIC Provider consent to the charging of the Bank Accounts and the Collection Accounts under Clause 3.4 (*Bank Accounts and Collection Accounts*).

1.8 Any reference herein to "set-off" includes claims of compensation, rights of retention and rights to balance accounts on insolvency.

1.9 Each party hereto acknowledges that Wells Fargo Trust Corporation Limited is acting as Trustee and that its Affiliate, Wells Fargo Bank International, is acting as Standby Cash/Bond Administrator. Each party agrees that such roles are separate and distinct legal roles.

2. THE ISSUER'S COVENANT TO PAY

2.1 The Issuer acknowledges to the Trustee the Issuer's liability in respect of the Secured Amounts and further covenants with and undertakes to the Trustee (for its own account and as trustee for the other Secured Creditors) that it shall duly and punctually pay and discharge to each of the Secured Creditors when due and payable:

2.1.1 all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Issuer:

- (a) to the order of the Trustee and/or any Receiver under this Deed, the Trust Deed or the Conditions at the times and in the manner provided herein or therein;
 - (b) under or in respect of the Notes and/or the Certificates; and/or
 - (c) to the Trustee on any account whatsoever, whether as principal or surety and whether or not directly with another; and
- 2.1.2 all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer to each of the other Secured Creditors in accordance respectively with each of the other relevant Transaction Documents.

3. SECURITY

3.1 The Mortgages

- 3.1.1 The Issuer, by way of first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as the registered owner or as the person entitled to be registered as owner and subject in each case to the proviso for redemption hereinafter contained and to the provisos for redemption or cesser contained in the Loan Conditions, hereby charges to the Trustee by way of first fixed equitable charge all the Issuer's right, title, interest and benefit present and future in, to and under the Loans, the Mortgages and Collateral Security in the Mortgage Pool and all monies assured by or to become payable under the same and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same and the title deeds and documents relating to the Property and the Mortgages in the Mortgage Pool including (without prejudice to the generality of the foregoing) any consents, postponements, reports, valuations, opinions, certificates and other statements of fact or opinion or both given in connection with the Mortgages and Collateral Security in the Mortgage Pool (and all causes and rights of action of the Issuer against any person in connection with the same) and any other contractual documents or any security documents in either case setting out the terms of the Loans to hold the same unto the Trustee absolutely for the Trustee itself and on trust, subject to the terms of this Deed, for the other Secured Creditors.
- 3.1.2 The Issuer agrees to execute and deliver such documents, and in such form, and to take such other steps as the Trustee shall reasonably consider necessary to enable the Trustee to perfect a first fixed equitable charge over the Mortgages and all sums secured thereby.

3.2 Insurance Contracts

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and subject to the proviso for redemption hereinafter contained, hereby assigns to the Trustee all the Issuer's right, title, interest and benefit present and future in, to and under the Insurance Contracts, to the extent that the Insurance Contracts have been assigned to the Issuer pursuant to the

KWL/Issuer Mortgage Sale Agreement, and all monies assured by or to become payable under the same and the benefit of all covenants and rights relating thereto and all powers and remedies for enforcing the same to hold the same unto the Trustee absolutely for the Trustee itself and on trust, subject to the terms of this Deed, for the other Secured Creditors.

3.3 Contractual and Other Rights

3.3.1 The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and subject to the proviso for redemption hereinafter contained, hereby assigns to the Trustee all its right, title, interest and benefit present and future in, to and under the Charged Obligation Documents and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party (other than the Trust Deed (and any deed expressed to be supplemental thereto and this Deed)), including without limitation all rights to receive payment of any amounts which may become payable to the Issuer thereunder, all payments received by the Issuer thereunder, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof (provided that the assignment of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided thereunder) to hold the same unto the Trustee absolutely for the Trustee itself and on trust, subject to the terms of these presents, for the other Secured Creditors.

3.3.2 Notwithstanding such assignment each of the parties hereto (other than the Issuer) agrees with the Issuer that the Charged Obligors may continue to make all payments becoming due to the Issuer under any of Charged Obligation Documents direct to the Issuer or, as the case may be, the Cash/Bond Administrator in the manner envisaged by such agreements (which payment shall constitute a good discharge by the person making the payment) until receipt of express written notice from the Trustee or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the giving of an Enforcement Notice.

3.4 Bank Accounts and Collection Accounts

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and subject to the proviso for redemption hereinafter contained, hereby charges, by way of first fixed equitable charge to the Trustee, all the Issuer's right, title, benefit and interest present and future in, to and under the Bank Accounts, Collection Accounts and any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest), and all sums of money and securities which may now be or hereafter are from time to time standing to the credit of the Bank Accounts, Collection Accounts and any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest), together with all interest accruing from time to time thereon and the debts represented thereby and the benefit of all covenants relating thereto and all powers and remedies for enforcing

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

3.5 Authorised Investments

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

3.6 Floating Charge

The Issuer, by way of further security for the payment or discharge of the Secured Amounts, with full title guarantee and as the registered owner or as the person entitled to be registered as owner and subject to the proviso for redemption hereinafter contained and subject where relevant to the provisos for redemption or cesser contained in the Mortgage Pool and the rights of re-assignment and re-transfer contained in the Charges, hereby charges by way of first floating charge to the Trustee, the whole of its undertaking and all its property and assets, except for the assets specifically secured by means of fixed charge above or otherwise assigned as security by this Clause 3, present and future, to hold the same unto the Trustee absolutely for the Trustee itself and on trust, subject to the terms of these presents, for the other Secured Creditors.

The Issuer declares that:

- 3.6.1 each floating charge created under this Deed is a "qualifying floating charge" for the purposes of paragraph 14.2(a) of Schedule B1 to the Insolvency Act 1986; and
- 3.6.2 paragraph 14 of Schedule B1 of the Insolvency Act 1986 shall apply to this Deed.

The floating charge created by this Clause 3.6 shall be deferred in point of priority to the fixed charges which remain outstanding under or pursuant to this Deed from time to time and any rights of the Issuer to deal with the assets subject to the floating charge shall be expressly subject to any restrictions placed on dealing with those assets contained in any fixed charge over the same.

In addition and without prejudice to any other event resulting in a crystallisation of the floating charges created under or pursuant to this Deed or any other right the Trustee may have, the Trustee may, by notice in writing to the Issuer (and so far as permitted by applicable law), declare that the floating charges created under or pursuant to this Deed shall (so far as permitted by applicable law) be converted into first specific fixed charges over such of the undertaking, property and assets of the Issuer as the Trustee may specify in such notice at any time if:

- 3.6.3 any event has happened which constitutes an Event of Default; or
- 3.6.4 the Trustee believes that the Charged Property or any part thereof is in danger of being seized or sold under any form of distress, attachment, execution, diligence or other legal process levied or is otherwise in jeopardy; or
- 3.6.5 the Trustee considers that it is desirable in order to protect the priority of the Security.

In addition and without prejudice to any other event resulting in a crystallisation of the floating charge created under or pursuant to this Deed and without prejudice to any rule of law which may have a similar effect, subject as provided below, each such floating charge shall (so far as permitted by applicable law) automatically and without notice be converted with immediate effect into a fixed charge as regards:

- 3.6.6 all property, assets or undertaking of the Issuer subject to such floating charge, upon:
 - (a) the presentation of a petition for the compulsory winding-up of the Issuer;
 - (b) the convening of a meeting for the passing of a resolution for the voluntary winding-up of the Issuer or the appointment of an administrator over the Issuer;
 - (c) an application or pending application being made for the making of an administration order in relation to the Issuer;
 - (d) an administrator being appointed in relation to the Issuer; and/or
 - (e) the service of an Enforcement Notice; and/or
- 3.6.7 any property, assets or undertaking of the Issuer which become subject to a Security Interest in favour of any person other than the Trustee or which is/are the subject of a sale, transfer or other disposition, in either case, contrary to the covenants and undertakings contained in the Transaction Documents, immediately prior to such Security Interest arising or such sale, transfer or other disposition being made.

The Issuer will promptly upon crystallisation execute over the assets charged pursuant to this Clause 3.6 a fixed charge or security in favour of the Trustee in such form as the Trustee shall reasonably require.

The floating charge created by this Clause 3.6 may not be converted into a fixed charge solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with leave of the court.

3.7 Notice and Forms

Within the statutorily prescribed period the Issuer will, in relation to the sub mortgage and assignment of the Loans, the Mortgages and the other relevant Assigned Rights,

send a duly completed Form MR01 and a certified copy of this Deed pursuant to Section 859A of the Companies Act 2006 and promptly following receipt, deliver a copy of the certificates of registration to the Trustee or such other person(s) as the Trustee may instruct.

3.8 Further acquired items

For the avoidance of doubt it is hereby confirmed that reference herein to Loans, Mortgages, Charges, Insurance Contracts and related items include those which are hereafter assigned or transferred to or otherwise acquired by the Issuer (whether pursuant to the KWL/Issuer Mortgage Sale Agreement or otherwise) and that the security created by or pursuant to Clauses 3.1 (*The Mortgages*) to 3.5 (*Authorised Investments*) (both inclusive) are, and are intended to be, specific and fixed assignments by way of security of, or specific and fixed charges over (as the case may be), the items to which they relate, both present and future acquired.

3.9 No Transfer of Obligations

Notwithstanding anything else in this Deed, it is hereby agreed that the Trustee does not assume, nor shall the Trustee be obligated to perform, any obligations of any other party to this Deed (including, for the avoidance of doubt, the making of further advances to Borrowers) and nothing herein shall be construed so as to transfer any of such obligations to the Trustee.

4. REDEMPTION AND RELEASE

4.1 Upon proof being given to the satisfaction of the Trustee by any or all of the relevant Charged Obligors as to the full, final, irrevocable and unconditional payment or discharge by the Issuer of all the Secured Amounts, the Trustee will at the request and cost of the Issuer release, re-transfer or re-assign (as appropriate), without recourse, representation or warranty the Charged Property to the Issuer or other person entitled thereto of whom the Trustee has written notice provided that no assurance, security, disposition or payment which may be avoided or which must be repaid on bankruptcy, liquidation or otherwise under any enactment relating to bankruptcy or under Sections 238 to 245 or Section 423 of the Insolvency Act and no release, re-transfer, re-assignment, settlement or discharge given or made by the Trustee on the faith of any such assurance, security, disposition or payment shall prejudice or affect the right of the Trustee to enforce the security constituted hereby in respect of the full extent of the monies and liabilities hereby secured. It is hereby agreed that such security shall be deemed to have been and to have remained held by the Trustee as and by way of security for the payment to or to the order of the Trustee of all or any sums which may become due and owing to or to the order of the Trustee in respect of the monies and liabilities hereby secured.

4.2 If, pursuant to Clause 8 (*Substitute Loans, Cash Repurchase, Product Switch Loans and Shortfall Loans*) of the KWL/Issuer Mortgage Sale Agreement, a Repurchase Event occurs and the Issuer becomes obliged to sell and re-transfer or re-assign to KWL, the Legal Title-Holder or any affiliate thereof (as applicable), on a joint and several basis, its Mortgage Rights in relation to any Loan, the Trustee shall, against written confirmation by the Issuer of its receipt of the requisite consideration for such sale pursuant to Clause 8 (*Substitute Loans, Cash Repurchase, Product Switch Loans*

and Shortfall Loans) of the KWL/Issuer Mortgage Sale Agreement, release such Loan from the Security.

- 4.3 If, pursuant to Schedule 10 (*Product Switch Loans and Shortfall Loans Repurchase*) of the KWL/Issuer Mortgage Sale Agreement, the Legal Title-Holder wishes, or is required, to repurchase a Product Switch Loan or the Seller wishes to repurchase a Shortfall Loan and the Issuer becomes obliged to sell and re-transfer or re-assign to KWL, the Legal Title-Holder or such other entity as the Legal Title-Holder shall nominate in accordance with the provisions of Schedule 10 (*Product Switch Loans and Shortfall Loans Repurchase*) of the KWL/Issuer Mortgage Sale Agreement its Mortgage Rights in relation to that Product Switch Loan or Shortfall Loan, the Trustee shall, upon receipt of written confirmation from the Issuer of its receipt of the requisite consideration for such sale pursuant to Schedule 10 (*Product Switch Loans and Shortfall Loans Repurchase*) of the KWL/Issuer Mortgage Sale Agreement, release such Loan from the Security.

4.4 Release pursuant to the Swap Collateral Account Bank Agreement

The Trustee agrees that there shall be an automatic release of the Security over all, or the relevant part, of the Charged Property for the purposes of effecting any transfer thereof made in accordance with the Swap Collateral Account Bank Agreement, including, without limitation, in respect of the transfer of any amounts (including the liquidation proceeds of any Swap Collateral in the form of securities) or securities from the Swap Collateral Accounts to the Swap Counterparty under the Swap Agreement.

4.5 Release pursuant to the Swap Agreements

- 4.5.1 Notwithstanding the foregoing provisions of this Clause 4 and Clause 4.7 (*Form of release*), the Trustee agrees that if it receives:

- (a) a certificate from the Seller stating that the Swap Agreement is to be novated, transferred or terminated and replaced in accordance with the Swap Agreement; and
- (b) in the case of a transfer or novation of the Swap Agreement by the Swap Counterparty to the Seller only, a certificate from the Issuer that each of the requirements set out in the Swap Agreement in relation to the proposed transfer or novation have been satisfied,

then, in each case, the Trustee shall (at the cost and expense of the Issuer) execute a deed of release or assignment in accordance with Clause 4.1 and take such other steps as may reasonably be required in order to release the Swap Counterparty under the Swap Agreement provided that (i) in the case of a termination and replacement, the Issuer enters into a replacement of the Swap Agreement which is subject to the security created by this Deed; or (ii) in the case of a novation or transfer, the Swap Agreement remains subject to the security created by this Deed.

- 4.5.2 Any such certificate from the Seller and/or the Issuer (if applicable) signed by any two of their respective directors or managers shall be conclusive and

binding on all Secured Creditors and the Trustee shall not be liable to any person for effecting the release or assignment of the Swap Counterparty under the Swap Agreement in accordance with this Clause 4.5.

4.6 Swap Collateral

The Cash/Bond Administrator (or any successor) or, following the service of an Enforcement Notice, the Trustee shall instruct the Custodian to (i) liquidate any securities constituting Swap Collateral in the Swap Securities Collateral Account on a delivery versus payment basis and (ii) convert at the then prevailing market rate any amounts constituting Swap Collateral in the Swap Cash Collateral Account or the Swap Cash-Linked Collateral Account and any amounts received pursuant to (i) above, which are denominated in a currency other than sterling to sterling, promptly following the designation of an Early Termination Date under (and as defined in) the Swap Agreement.

4.7 Form of release

Subject to the provisions of Clause 4.2, Clause 4.4, Clause 4.5 and Clause 4.6, the Security shall be released only upon the execution by or on behalf of the Trustee of either an absolute and unconditional release by way of deed or a receipt, in each case relating to all (and not part only) of the Secured Amounts.

5. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS

5.1 Subject to the proviso to this Clause, each of the Secured Creditors (other than the Trustee) hereby agrees with the Trustee that:

5.1.1 it shall not be entitled to take, and shall not take, any steps whatsoever to enforce the security created by or pursuant to Clause 3 (*Security*), or to direct the Trustee to do so; and

5.1.2 it shall not be entitled to take, and shall not take, any steps (including without limitation, the exercise of any right of set-off) for the purpose of recovering any of the Secured Amounts owing to it or any other debts whatsoever owing to it by the Issuer or procuring the winding-up, administration which includes, for the avoidance of doubt, filing of documents with a court or service of a notice of intention to appoint an administrator or liquidation of the Issuer or the making of a court protection order in relation to the Issuer in respect of any of its liabilities whatsoever, provided that nothing in this sub-clause 5.1.2 shall prevent the Swap Counterparty from exercising its rights to designate an Early Termination Date under (and as defined in) the Swap Agreement,

provided that, if the Trustee or the Receiver, having become bound to do so, fails to serve an Enforcement Notice and/or, subject to the proviso to the final paragraph of Notes Condition 2 (*Status, Security and Administration*) of the conditions of each class of Notes and Certificate Condition 2 (*Status, Security and Administration*), to take any steps or proceedings to enforce such security pursuant to Clause 9 (*The Trustee's Powers*) or Clause 10 (*Receiver*) within a reasonable time, and such failure is continuing, the Secured Creditors shall be entitled to take any such steps and

proceedings as they shall deem necessary (other than the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer).

5.2 Notwithstanding the security created by this Deed but subject to Clause 6 (*Upon Enforcement*), the Trustee and the other Secured Creditors agree, and the Issuer concurs, that:

5.2.1 amounts may and shall be withdrawn from the Bank Accounts and the Collection Accounts, in the amounts contemplated, and for application in accordance with, the Bank Agreement, the Collection Account (Initial) Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the F Collection Account Trustee Accession Agreement, the R Collection Account Agreement, the R Collection Account Beneficiary Accession Agreement, the R Collection Account Trustee Accession Agreement, and the Administration Agreements;

5.2.2 payments may be made by the Issuer of the commissions, expenses and other amounts payable by the Issuer relating to or otherwise in connection with the issue of the Notes out of proceeds from the issue of the Notes; and

5.2.3 payments to be made under the Transaction Documents may be made by the Issuer and in accordance with the directions of the Issuer, subject as provided in the Transaction Documents.

Any amount so withdrawn shall be released and discharged from the Security Interest created under this Deed.

5.3 Subject to Clause 5.2 above and Clause 5.4 below, no other payments may be made out of any of the Bank Accounts or the Collection Accounts without the prior written approval of the Trustee.

5.4 Pending the giving, and in respect of the Account Bank, the receipt by it, of an Enforcement Notice, the amounts standing to the credit of the Bank Accounts and the Collection Accounts and the proceeds thereof from time to time shall be invested and applied in accordance with the Bank Agreement, the Collection Account (Initial) Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the F Collection Account Trustee Accession Agreement, the R Collection Account Agreement, the R Collection Account Beneficiary Accession Agreement, the R Collection Account Trustee Accession Agreement, and the Cash/Bond Administration Agreement; and, if the Cash/Bond Administrator fails to ensure that this is the case, the Trustee may (but shall not be obliged to) take steps to do so itself.

5.5 No recourse under any obligation, covenant, undertaking or agreement of the Issuer contained in this Deed or in any of the Transaction Documents shall be made against any shareholder, officer or director of the Issuer as such, by the enforcement of any assignment or by any proceeding, by virtue of any statute or otherwise (except in the case of fraud); it being expressly agreed and understood that this Deed and the Transaction Documents are corporate obligations of the Issuer and no Liability shall attach to, or be incurred by, the shareholders, officers, agents, or directors of the

Issuer as such, or any of them, under or by reason of any of the obligations, covenants and agreements of the Issuer contained in this Deed or in any of the Transaction Documents, or implied therefrom, and that any and all personal Liability for breach by the Issuer of any of such obligations, covenants or agreements, either at law or by statute or certification, of every such shareholder, officer, agent or director is hereby expressly waived by the Issuer as a condition of any consideration for the execution of this Deed.

5.6 Limited Recourse

5.6.1 Insufficient Recoveries

If, or to the extent that, after the Charged Property has been realised and the proceeds thereof have been applied in accordance with the Post Enforcement Priority of Payments the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Secured Creditors in full for any reason, the Issuer or its directors, officers, agents or shareholders will have no Liability to pay or otherwise make good any such insufficiency.

5.6.2 Non-Petition

No Secured Creditor may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking, save as permitted by this Deed.

The Secured Creditors acknowledge that the Trustee shall not be bound to take any steps or institute any proceedings after the service of an Enforcement Notice or take any other action to enforce the security constituted by or pursuant to this Deed unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all actions, Liabilities, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

6. UPON ENFORCEMENT

- 6.1 Notwithstanding the security rights created by, or pursuant to, this Deed, the Trustee and each of the other Secured Creditors hereby agrees, and the Issuer concurs, that from the time of the giving of an Enforcement Notice (except for Swap Excluded Payable Amounts), no amount may be withdrawn from any of the Bank Accounts or the Collection Accounts except to the extent that it is applied in accordance with the Post-Enforcement Priority of Payments or as otherwise permitted by the provisions of the Transaction Documents that are applicable after the giving of an Enforcement Notice.
- 6.2 Notwithstanding the security rights created by, or pursuant to, this Deed, the Trustee and each of the other Secured Creditors hereby agrees, and the Issuer concurs, that (except for Swap Excluded Receivable Amounts) any monies whatsoever recovered

by each of them or on their behalf whether by the Trustee or otherwise after the giving of an Enforcement Notice, shall be applied in accordance with the Post-Enforcement Priority of Payments. The Cash/Bond Administrator shall advise the Trustee of such amounts as soon as reasonably practicable after delivery of an Enforcement Notice.

- 6.3 The whole of the Security will become enforceable upon the service of an Enforcement Notice; provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes and/or the Certificates, the Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing in respect of the Rated Notes and/or the Certificates or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Rated Notes and/or the Certificates.
- 6.4 Without prejudice to the provisions of Clause 6.2 and Clause 6.3, the Trustee and each of the other Secured Creditors hereby agree, and the Issuer concurs, that:
- 6.4.1 in the exercise or non-exercise of any of its powers, authorities or discretions in relation to the Charged Property or otherwise under this Deed the Trustee shall be required to have regard only to the interests of the Noteholders and the Certificateholders in accordance with the Trust Deed and shall not be required to have regard to the interests of the other Secured Creditors or to act upon or comply with any direction or request of the other Secured Creditors;
 - 6.4.2 the Trustee shall remain Trustee of the Charged Property at all times while it remains Trustee in relation to the Notes and the Certificates and shall not be liable to be removed at the behest of any Secured Creditor (other than the Noteholders and the Certificateholders);
 - 6.4.3 if the Trustee determines (in respect of which determination, the provisions of sub-clause 6.4.1 shall apply) to sell, refinance or otherwise dispose of the Loans and their related Mortgages or any interest therein (the "Assets"), the Trustee shall appoint an investment bank selected by it to invite bids (each a "Bid") for the purchase or financing of the Assets by way of competitive tender (and based on such assumptions as the Trustee or the relevant investment bank may select);
 - 6.4.4 if the investment bank appointed pursuant to sub-clause 6.4.3 receives a Bid or Bids, subject to sub-clause 6.4.5, the Trustee shall sell the Assets at a price no less than that contained in the Bid or, in the case of more than one Bid, the highest Bid; and
 - 6.4.5 nothing in this sub-clause shall, whether or not, following the appointment in sub-clause 6.4.3, the Trustee has received a Bid or Bids:
 - (a) prevent the Trustee from declining to sell the Assets or otherwise postponing any sale; or

(b) require the Trustee to sell the Assets,

if, in either case, the Trustee determines (in respect of which determination, the provisions of sub-clause 6.4.1 shall apply) that it is in the interests of the Noteholders and the Certificateholders to do so.

6.5 For the avoidance of doubt, Swap Excluded Payable Amounts shall be paid in accordance with clause 4.10 of the Cash/Bond Administration Agreement.

7. CONTINUANCE OF SECURITY AND CONFLICT

7.1 Without prejudice to the generality of the foregoing, the security created by, and the covenants, undertakings and provisions contained in, this Deed (and any deed entered into and expressed to be supplemental hereto) shall remain in force as a continuing security to the Trustee (for itself and on trust for the other Secured Creditors) notwithstanding any intermediate payment, settlement of account, satisfaction or any other act, event or matter whatsoever, except only the execution by or on behalf of the Trustee under seal of an absolute and unconditional release or the execution by or on behalf of the Trustee of a receipt for all (and not part only) of the Secured Amounts, which receipt the Trustee is hereby authorised to execute on behalf of all other persons to whom any of the Secured Amounts are due, owing or payable.

7.2 In relation to the Trustee's duties, obligations and responsibilities to the other Secured Creditors in relation to the Charged Property and under or in connection with these presents, the Trustee and the other Secured Creditors hereby agree, and the Issuer concurs, that the Trustee shall discharge these by performing and observing its duties, obligations and responsibilities to the Noteholders and the Certificateholders in accordance with the provisions of, and subject to the provisions in favour of the Trustee contained in, these presents and the Transaction Documents.

7.3 All the provisions of the Trust Deed relating to the exercise by the Trustee of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Trustee of its powers, trusts, authorities, duties, rights and discretions under this Deed.

7.4 Without prejudice to the generality of the foregoing, the Trustee shall, in its exercise of such powers, trusts, authorities, duties, rights and discretions, have regard only to the interests of the Noteholders and the Certificateholders in accordance with the Trust Deed. The Trustee shall have no regard to the interest of any other Secured Creditor of the Issuer and no such Secured Creditor shall have any claim against the Trustee for so doing except in the case of fraud, gross negligence or wilful default. Each of the Secured Creditors (other than the Trustee) acknowledges that the Trustee shall not be bound to take any steps or institute any proceedings after the service of an Enforcement Notice or to take any other action to enforce the security constituted by this Deed unless the Trustee shall first have been indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.

8. EXPENSES

The Issuer further covenants with and undertakes to the Trustee to reimburse, pay or discharge (on the basis of a full indemnity) all costs, charges, Liabilities and expenses incurred by the Trustee, the Receiver or any attorney, manager, agent or delegate appointed by the Trustee under this Deed, the Trust Deed or any of the other Transaction Documents in connection with:

- 8.1 the preparation, execution, registration or perfecting of this Deed or any other document relating hereto, which for the avoidance of doubt includes any amendments thereto;
- 8.2 its appointment hereunder, the carrying out of the trusts and duties under or in connection with this Deed and the Trust Deed or any other of the Transaction Documents;
- 8.3 the exercise, or the attempted or purported exercise by or on behalf of the Trustee or the Receiver of any of the powers of the Trustee or the Receiver; and
- 8.4 any other action taken by or on behalf of the Trustee or the Receiver with a view to or in connection with the recovery of the Secured Amounts from the Issuer or any other person or the enforcement of the security for the Secured Amounts,

together, in each case, with any VAT or similar tax charged or chargeable in respect thereof.

The indemnity contained in this Clause 8 shall survive the discharge and release of the whole or any part of the Charged Property from the Security.

9. THE TRUSTEE'S POWERS

- 9.1 Section 103 of the LPA shall not apply to this Deed and forthwith after the service of an Enforcement Notice the security created by this Deed shall become immediately enforceable and the powers conferred by the LPA and this Deed immediately exercisable without the restrictions contained in the LPA, but subject to the proviso to the final paragraph of Notes Condition 2 and Certificate Condition 2.
- 9.2 The provisions of the LPA relating to the power of sale are hereby extended as if such extensions were contained in the LPA and the exercise of the statutory power of sale conferred on mortgagees by the LPA shall be free from the restrictions imposed by Section 101(1) and (2) of the LPA which shall not apply to this Deed, but without limiting the Trustee's power to enter into possession of the Charged Property or into receipt of the income therefrom or the Trustee's other rights, subject to compliance with any specific restrictions imposed on the Trustee in these presents or in the Administration Agreements in relation to dealing with the Charged Property, to authorise the Trustee at its absolute discretion, subject as aforesaid, and upon such terms as it may think fit:
 - 9.2.1 to sell, exchange, license or otherwise dispose of or otherwise deal with the Charged Property, or any interest in the same, and to do so for shares, debentures or any other securities whatsoever, or in consideration of an agreement to pay all or part of the purchase price in respect of such disposal at

a later date or dates, or an agreement to make periodical payments, whether or not any such agreement is secured by a Security Interest or a guarantee, or for such other consideration whatsoever as the Trustee may think fit, and also to grant any option to purchase, and to effect exchanges (and nothing shall preclude any such disposal being made to any person the Trustee thinks fit, including the Secured Creditors or any person associated with any of them);

- 9.2.2 with a view to, or in connection with, the disposal of the Charged Property, to carry out any transaction, scheme or arrangement which the Trustee may, in its absolute discretion, consider appropriate;
- 9.2.3 to take possession of, get in and collect the Charged Property;
- 9.2.4 to carry on and manage or concur in managing the business of the Issuer;
- 9.2.5 to appoint and engage employees, managers, agents and advisers (and nothing shall preclude the Secured Creditors or any person associated with any of them) upon such terms as to remuneration and otherwise for such periods as it may determine, and to dismiss them, except that the Trustee's Liability under the Transaction Documents for the indemnification, remuneration and expenses of the Agents will be limited to the amounts for the time being held by the Trustee in respect of the Notes and the Certificates on the terms of the Trust Deed and/or the Paying Agency Agreement;
- 9.2.6 in connection with the exercise, or the proposed exercise, of any of its powers or in order to obtain payment of its remuneration or reimbursement of its expenses (in each case, whether or not already due), to borrow or raise money from any person, without security or on the security of the Charged Property (either in priority to this security or otherwise) and generally in such manner and on such terms as it may think fit;
- 9.2.7 to bring, defend, submit to arbitration, negotiate, compromise, abandon and settle any claims and proceedings concerning the Charged Property;
- 9.2.8 to transfer all or any of the Charged Property and/or of the liabilities of the Issuer to any other company or body corporate, whether or not formed or acquired for the purpose and whether or not a subsidiary or associated company of the Trustee, the Secured Creditors or a company or body corporate in which the Trustee or any Secured Creditor has an interest;
- 9.2.9 to call up all or any portion of the uncalled capital (if any) for the time being of the Issuer;
- 9.2.10 generally to carry out, or cause or authorise to be carried out, any transaction, scheme or arrangement whatsoever, whether similar or not to any of the foregoing, in relation to the Charged Property which it may consider expedient as effectually as if it were solely and absolutely entitled to the Charged Property;
- 9.2.11 in connection with the exercise of any of its powers, to execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Issuer

or otherwise, as it may think fit, all documents, acts or things which it may consider appropriate; and

- 9.2.12 to pay and discharge out of the profits and income of the Charged Property and the monies to be made by it in carrying on any such business as aforesaid the expenses incurred in and about the carrying on and management of any such business as aforesaid or in the exercise of any of the powers conferred by this Clause 9.2 or otherwise in respect of the Charged Property and all outgoings which it shall think fit to pay and to apply the residue of the said profits, income or monies in the manner provided by Clause 6.2.
- 9.3 The Trustee and any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by either of them under this Deed. Any such delegation may be made upon the terms (including the power to sub-delegate) and subject to any regulations, which the Trustee or such Receiver (as the case may be) may think fit. Provided that the Trustee or the Receiver, as appropriate, has exercised reasonable care in the selection of any such delegate, neither the Trustee nor any Receiver will be in any way liable or responsible to the Issuer for any loss or Liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.
- 9.4 The powers conferred by this Deed in relation to the Security or any part thereof on the Trustee or on any Receiver of the Charged Property or any part thereof shall be in addition to and not in substitution for the powers conferred on mortgagees or receivers under the LPA and the Insolvency Act 1986 and where there is any ambiguity or conflict between the powers contained in either such Acts and those conferred by this Deed the terms of this Deed shall prevail.
- 9.5 Without prejudice to any other rights of the Trustee and subject to the terms of the Transaction Documents, the Trustee may from time to time at any time after any part or parts of the Security becomes enforceable:
- 9.5.1 enter into, make, execute, sign, deliver and do all such contracts, agreements, deeds, receipts, payments, assignments, transfers, conveyances, assurances and things and bring, prosecute, enforce, defend and abandon all such actions, suits and proceedings in relation to the Charged Property as it may think expedient;
- 9.5.2 exercise or refrain from exercising, in such manner as in its absolute discretion the Trustee shall think fit, all or any of the rights, powers, authorities, discretions or remedies of the Issuer under or in relation to the Charged Property or incidental to the ownership thereof and, in particular but without limiting the generality of the foregoing, exercise all rights to vote or to give any consent or notification or make any declaration in relation to such Charged Property. For the avoidance of doubt, the Trustee shall not be required to have regard to the interests of the Issuer in the exercise or non-exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Issuer in relation thereto; and
- 9.5.3 demand, sue for and take any advice or institute any proceedings to recover or obtain payment of any amounts which may then be due and payable to the

Issuer but which remains unpaid under or in respect of the Charged Property or any part thereof either in its own name or in the name of the Issuer.

- 9.6 The Trustee may at any time after the Security has become enforceable, without notice and notwithstanding any settlement of account or other matter whatsoever (save in respect of amounts standing to the credit of the Swap Collateral Accounts), combine or consolidate all or any existing accounts of the Issuer whether in its own name or jointly with others and held by it or any Secured Creditor and may set-off or transfer all or any part of any credit balance or any sum standing to the credit of any such account (whether or not the same is due to the Issuer from the Trustee or relevant Secured Creditor and whether or not the credit balance and the account in debit or the Secured Amounts are expressed in the same currency in which case the Trustee is hereby authorised to effect any necessary conversions at its prevailing rates of exchange) in or towards satisfaction of any of the Secured Amounts (and on or at any time after the Security has become enforceable the Trustee may make such application notwithstanding any specified maturity of any deposits), but subject always to the Post-Enforcement Priority of Payments, and may in its absolute discretion estimate the amount of any Liability of the Issuer which is contingent or unascertained and thereafter set-off such estimated amount and no amount shall be payable by the Trustee to the Issuer unless and until all the Secured Amounts have been ascertained and fully repaid or discharged in accordance with the Post-Enforcement Priority of Payments.
- 9.7 Any moneys which under the trusts of this Deed may be invested by the Trustee (or by the Cash/Bond Administrator or any other agent on its behalf) after the Security created under or pursuant to this Deed shall have become enforceable may be invested in the name of the Trustee or in the name of any nominee on its behalf and under the control of the Trustee in any investments and the Trustee may at any time vary or transfer (or direct the Cash/Bond Administrator to vary or transfer) or exchange any of such investments for or into other such investments as the Trustee in its absolute discretion may determine, and shall not be responsible (save where any loss results from the Trustee's fraud, wilful default or gross negligence or that of its officers or employees acting as agents of the Trustee) for any loss occasioned by reason of any such investments whether by depreciation in value or otherwise, provided that such investments were made in accordance with the foregoing provisions. If a bank or institution with which any monies placed on deposit in accordance with this Clause is the Trustee or an affiliate of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer.
- 9.8 If the Issuer for any reason fails to observe or punctually to perform any of its obligations to the Trustee, whether under this Deed, the Trust Deed or any of the Transaction Documents, the Trustee shall have power, on behalf of or in the name of the Issuer or otherwise, to perform the obligation and to take any steps which the Trustee may (but shall not be obliged to do so), in its absolute discretion, consider appropriate with a view to remedying, or mitigating the consequences of, the failure, but so that the exercise of this power, or the failure to exercise it, shall in no circumstances prejudice the Trustee's other rights under this Deed and the Trustee shall have no Liability to anyone whatsoever for acting or not acting (as the case may be).

9.9 Without Liability to any Party, the Trustee will, subject to its overriding fiduciary duties and duty of confidentiality and provided that it may not be required to do so more than once every three months, provide each of the Seller, the Issuer and KMC upon request by any of them with details of any requests made by one or more Noteholders in connection with any repurchase activity relating to the Loans and the Collateral Security which have been made to the Trustee promptly after such request.

10. RECEIVER

10.1 At any time after this Deed becomes enforceable or after any application is made for the appointment of, or notice is given of the intention to appoint, an administrator in relation to the Issuer the Trustee may appoint such person or persons (including an officer or officers of the Trustee) as it thinks fit to be receiver or receivers of the Charged Property or any part or parts thereof.

10.2 The Trustee may not appoint an administrative receiver, receiver, manager or receiver and manager pursuant to Clause 10.1 above solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with leave of the Court.

10.3 The Trustee may remove the Receiver appointed by it whether or not appointing another in his place, and the Trustee may also appoint another receiver if the Receiver resigns.

10.4 The exclusion of any part of the Charged Property from the appointment of the Receiver shall not preclude the Trustee from subsequently extending his appointment (or that of the Receiver replacing him) to that part.

10.5 The Receiver shall, so far as the law permits, be the agent of the Issuer and (subject to the Companies Act 1985, the Companies Act 2006 and the Insolvency Act 1986, each as amended from time to time) the Issuer shall be solely responsible for his acts and defaults and liable on any contracts or engagements made or entered into by him; and in no circumstances whatsoever shall the Trustee, or any Secured Creditor be in any way responsible or have any Liability for any fraud, misconduct, negligence or default of his. Notwithstanding the generality of the foregoing, such Receiver shall in the exercise of his powers, authorities and discretions conform to the regulations from time to time made and given by the Trustee.

10.6 The remuneration of the Receiver may be fixed by the Trustee (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise) and the restrictions in Section 36 of the Insolvency Act 1986 shall not apply, but such remuneration shall be payable by the Issuer alone; and the amount of such remuneration may be debited by the Trustee to any account of the Issuer, but shall, in any event, form part of the Secured Amounts and accordingly be secured on the Charged Property under the security created by this Deed.

10.7 The Receiver may be invested by the Trustee with such of the powers exercisable by the Trustee under this Deed as the Trustee may think fit.

10.8 The Receiver shall in the exercise of his powers conform to the regulations and directions from time to time made and given by the Trustee.

- 10.9 The Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as such Receiver and may fix the nature and amount of the security to be so given but the Trustee shall not be bound in any case to require any such security.
- 10.10 Save so far as otherwise directed by the Trustee or as required by law, all monies from time to time received by such Receiver shall be paid over to the Trustee to be held by it on the trusts declared by Clause 3 (*Security*).
- 10.11 The Trustee may pay over to such Receiver any monies constituting part of the Charged Property to the extent that the same may be applied for the purposes of this Deed by such Receiver and the Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver.
- 10.12 Sections 109(6) and (8) of the LPA (application of monies received by receiver) shall not apply in relation to the Receiver.
- 10.13 Subject to any relevant provisions of the Insolvency Act 1986, the Trustee may, at its discretion, by any instrument or deed or notice of appointment, appoint one or more persons to be the administrator of the Issuer at any time after:
- 10.13.1 the Security becomes enforceable;
 - 10.13.2 being requested to do so by the Issuer;
 - 10.13.3 any application having been made to the court for an administration order under the Insolvency Act 1986;
 - 10.13.4 any person having ceased to be an administrator as a result of any event specified in paragraph 90 of Schedule B1 to the Insolvency Act 1986; or
 - 10.13.5 any notice of intention to appoint an administrator having been given by any person or persons entitled to make such appointment under the Insolvency Act 1986.
- 10.14 Where any such appointment is made at a time when an administrator continues in office, the additional administrator shall act either jointly or concurrently with the existing administrator previously appointed hereunder, as the appointment specifies.
- 10.15 Subject to any applicable order of a Court in England and Wales, the Trustee may replace any administrator, or seek an order replacing the administrator, in any manner allowed by the Insolvency Act 1986.
- 10.16 Where the administrator was appointed by the Trustee under paragraph 14 of Schedule B1 to the Insolvency Act 1986, the Trustee may, by notice in writing to the Issuer, replace the administrator in accordance with paragraph 92 of Schedule B1 to the Insolvency Act 1986.
- 10.16.1 Every such appointment shall take effect at the time and in the manner specified by the Insolvency Act 1986; and

10.16.2 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charges created hereunder.

- 10.17 If at any time and by virtue of any such appointment(s) any two or more persons shall hold office as administrators of the same assets or income, such administrators may act jointly or concurrently as the appointment specifies so that, if appointed to act concurrently, each one of such administrators shall be entitled (unless the contrary shall be stated in any of the deed(s) or other instrument(s) appointing them) to exercise all the functions conferred on an administrator by the Insolvency Act 1986.
- 10.18 Every such instrument, notice or deed of appointment, and every delegation or appointment by the Trustee in the exercise of any right to delegate its powers herein contained, may be made in writing under the hand of any manager or officer of the Trustee or any other authorised person of any delegate.
- 10.19 In exercising his functions hereunder and under the Insolvency Act 1986, the Receiver and/or administrator (as applicable) acts as agent of the Issuer and does not act as agent of the Trustee. The Issuer alone shall be responsible for the acts, defaults and misconduct of the Receiver and/or any administrator and the Trustee shall not incur any liability therefor. The Trustee shall not be responsible for any misconduct or negligence on the part of any such Receiver and/or administrator.
- 10.20 Every administrator shall be entitled to remuneration for his services in the manner fixed by or pursuant to the Insolvency Act 1986.

11. PROTECTION OF THIRD PARTIES

- 11.1 The Secured Amounts shall become due for the purposes of Section 101 of the LPA and the statutory powers of sale and of appointing a receiver which are conferred upon the Trustee as varied and extended by this Deed and all other powers shall in favour of any purchaser be deemed to arise and be exercisable immediately after the execution of this Deed.
- 11.2 No purchaser from or other person dealing with the Trustee and/or the Receiver shall be concerned to enquire whether any of the powers which they have exercised or purported to exercise has arisen or become exercisable, or whether the Secured Amounts remain outstanding, or whether any event has happened to authorise the Trustee and/or the Receiver to act or as to the propriety or validity of the exercise or purported exercise of any such power, or whether the requirements of the proviso to the final paragraph of Note and Certificate Condition 2 (Status, Security and Administration) have been satisfied; and the title and position of such a purchaser or other persons shall not be impeachable by reference to any of those matters.
- 11.3 The receipt of the Trustee or the Receiver shall be an absolute and a conclusive discharge to a purchaser or such other person and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Trustee or the Receiver or, if applicable, the Secured Creditors.

12. PROTECTION OF TRUSTEE AND RECEIVER

- 12.1 Neither the Trustee, nor the Receiver, nor any Secured Creditor shall be liable in respect of any loss or damage which arises out of the exercise, or the attempted or purported exercise of, or the failure to exercise, any of their respective powers, unless such loss or damage is caused by its or his fraud, gross negligence or wilful default.
- 12.2 The Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to the Charged Property and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Charged Property whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.
- 12.3 Without prejudice to the provisions of the Mortgage Administration Agreement, neither the Trustee nor the Receiver shall be under any obligation to insure any of the Charged Property or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance.
- 12.4 Neither the Trustee nor the Receiver shall be responsible for any loss, cost, damage, expense or Liability occasioned to the Charged Property, however, caused, by the Administrators, whether or not acting in accordance with the Administration Agreements, or any other person (including any bank, broker, depository, warehouseman or other intermediary or by any clearing system or the operator thereof), or otherwise, unless such loss is occasioned by the fraud, gross negligence or wilful default of the Trustee or the Receiver respectively.
- 12.5 Neither the Trustee nor any Receiver will be liable for any decline in the value nor any loss realised upon any sale or other disposition of any Charged Property pursuant to the Trust Deed or other Transaction Document.
- 12.6 Neither the Trustee nor the Receiver shall be under any obligation to monitor or supervise the functions of the Issuer or the Administrators or any other person under any of the Transaction Documents and each of the Trustee and the Receiver shall be and is hereby entitled and authorised to assume without enquiry, in the absence of actual knowledge or express notice to the contrary, that each of the Issuer and the other parties hereto and thereto is duly performing and observing all the covenants and provisions contained in the Transaction Documents relating to it and on its part to be performed and observed and that no event has happened which constitutes (and/or which with the giving of notice and/or the lapse of time and/or the Trustee making any relevant determination and/or issuing any relevant certificate, would constitute) an Event of Default.
- 12.7 Neither the Trustee nor the Receiver shall have any responsibility whatsoever to any other party hereto or to any Noteholder or any Certificateholder as regards any deficiency which might arise because the Trustee or the Receiver is subject to any tax in respect of the Charged Property or any part thereof or any income therefrom or any proceeds thereof.
- 12.8 Without prejudice to the generality of the foregoing, entry into possession of the Charged Property shall not render the Trustee or the Receiver liable to account as

mortgagee in possession or to be liable for any loss on realisation or for any default or omission on realisation or for any default or omission for which a mortgagee or in possession might be liable unless such loss, default or omission is caused by its fraud, gross negligence or wilful default; and if and whenever the Trustee or the Receiver enters into possession of the Charged Property, it shall be entitled at any time at its pleasure to go out of such possession.

- 12.9 Each of the Issuer and the Secured Creditors agrees and acknowledges that in the event of the enforcement of the Security or the appointment of a Receiver, the Trustee shall not be obliged to indemnify out of its own money any such Receiver for any of its costs, charges, liabilities or expenses or to advance, in whatever form, any moneys to such a Receiver or any other person arising out of or in connection with such enforcement or to carry on or to require any Receiver to carry on, any business carried on from time to time in connection with the Charged Property.
- 12.10 Neither the Trustee nor the Receiver shall be obliged (whether or not directed to do so by the Noteholders and the Certificateholders) to perfect legal title to any Mortgage or Charge in its name if, in its opinion, such perfection would or might result in the Trustee or the Receiver, as the case may be, becoming liable to or incurring any obligation to any Borrower under a Mortgage and Charge and, in its opinion, there is or would be insufficient cash to discharge, in accordance with the provisions of this Deed such liabilities or obligations as and when they arise.

13. INDEMNITY

- 13.1 As a separate and independent obligation, without prejudice to the right of indemnity given by law to trustees, the Issuer hereby covenants with the Trustee, each Secured Creditor and the Receiver to fully indemnify each of them and their respective officers, employees and agents and any attorney, manager, delegate, receiver or other person appointed by the Trustee, each Secured Creditor or the Receiver under this Deed of Charge, the Collection Account (Initial) Declaration of Trust, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Declaration of Trust or the R Collection Account Supplemental Deed of Declaration of Trust from and against all Liabilities (including, but not limited to, all costs, charges and expenses properly incurred in disputing or defending the foregoing) which any of them may from time to time incur or may from time to time be made against it (in the case of the Trustee, whether before or after this Deed has become enforceable):

- 13.1.1 in consequence of the performance of the terms of the Deed of Charge and the Trust Deed, or anything done or purported to be done or omitted by any of them under or in connection with the Deed of Charge, the Trust Deed or any of the other Transaction Documents to which the Trustee is a party or of any failure by the Issuer to comply with its obligations to any of them under or in connection with these presents or any other Transaction Document; or
- 13.1.2 in consequence of any payment in respect of the Secured Amounts (whether made by the Issuer or a third person) being impeached or declared void for any reason whatsoever,

save to the extent that the same arise as a result of the fraud, gross negligence or wilful default of the provisions of this Deed or any of the Transaction Documents by the person claiming to be entitled to be indemnified.

- 13.2 The Issuer covenants with and undertakes to each of the Trustee, any other Secured Creditor and the Receiver to pay the amounts payable under Clauses 8 (*Expenses*) and 13.1 on demand or, in the case of remuneration and fees payable to the Trustee under the Trust Deed, on the due dates for payment thereof, with interest as well after as before judgment or decree at the rate of three per cent. per annum above the Barclays Bank PLC base rate from the date on which they were paid, charged or incurred by the Trustee, a Secured Creditor, or the Receiver (as the case may require) or, in the case of remuneration and fees payable to the Trustee as aforesaid, the due date for payment thereof, until payment, as well after as before any judgment or decree.
- 13.3 Unless otherwise specifically stated in any discharge of this Deed the provisions of Clause 8 (*Expenses*) and this Clause 13 shall continue in full force and effect notwithstanding such discharge and whether or not the Trustee is then the trustee of these presents.

14. FURTHER ASSURANCES AND POWER OF ATTORNEY

- 14.1 If so requested by the Trustee after the giving of an Enforcement Notice or after the Seller, the Legal Title-Holder, the Issuer, the Mortgage Administrator or the Trustee is obliged to give notice or execute any documents pursuant to clause 6.1 of the KWL/Issuer Mortgage Sale Agreement after the perfection of the Issuer's interest pursuant to clause 6 (*Further Assurance*) of the KWL/Issuer Mortgage Sale Agreement, the Issuer, the Mortgage Administrator and/or the Legal Title-Holder (as the case may be) shall execute in favour of the Trustee such documents in relation to the Charged Property and give or join in giving such notice thereof to the relevant Borrowers, insurers and other persons, and all in such form as the Trustee or the Receiver may require at the Issuer's cost.
- 14.2 The Issuer further covenants with and undertakes to the Trustee, and any other Secured Creditors and with each of them, from time to time upon demand to execute, at the Issuer's own cost, any document or to do any act or thing which the Trustee or the Receiver may properly specify with a view to perfecting or improving any security created or intended to be created by or pursuant to this Deed or facilitating the exercise, or the proposed exercise of any of their powers, provided that this Clause 14.2 shall not extend to matters which are the subject of Clause 14.1.
- 14.3 For good and valuable consideration the Issuer irrevocably and as security for the interests of the Trustee and any Receiver hereunder hereby appoints the Trustee and any Receiver severally to be its attorney and its agent (with full power to appoint substitutes and to delegate, including power to authorise the person so appointed to make further appointments) on behalf of the Issuer and in its name or otherwise, to execute any document with power to date the same and to do any act or thing which the Trustee or such Receiver (or such substitute or delegate) may, in its or his absolute discretion, consider appropriate in connection with the exercise of any of the powers of the Trustee or the Receiver or which the Issuer is obliged to execute or do whether under these presents or otherwise; and, without prejudice to the generality of its power to appoint substitutes and to delegate or to sub-clause 9.2.5, the Trustee may appoint

the Receiver as its substitute or delegate; and any person appointed the substitute or delegate of the Trustee shall, in connection with the exercise of the said power of attorney, be the agent of the Issuer.

14.4 References in Clause 8 (*Expenses*) and Clause 13 (*Indemnity*) to the Trustee and the Receiver shall include references to any substitute or delegate appointed under Clause 14.3.

14.5 The Issuer hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this Clause.

15. OTHER SECURITY ETC.

15.1 This security is in addition to, and shall neither be merged in, nor in any way exclude or prejudice, any other Security Interest, right of recourse or other right whatsoever which the Trustee or any other Secured Creditor may now or at any time hereafter hold or have (or would apart from this security hold or have) as regards the Issuer or any other person in respect of the Secured Amounts.

15.2 The restriction on consolidation of mortgages contained in Section 93 of the LPA shall not apply in relation to the security created by this Deed.

15.3 The powers which this Deed confers on each of the Trustee, the Receiver, and the other Secured Creditors are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as it or he thinks appropriate; and it or he may, in connection with the exercise of its or his powers, join or concur with any person in any transaction, scheme or arrangement whatsoever; and the Issuer acknowledges that its or his respective powers shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than an express waiver or variation in writing.

16. WARRANTIES AND COVENANTS

16.1 The Issuer hereby warrants to the Trustee for itself and on trust for the Noteholders and the Certificateholders and to the other Secured Creditors and to each of them, that it is at the date of this Deed entitled in equity to such of the Charged Property as is purported to be transferred to it pursuant to the KWL/Issuer Mortgage Sale Agreement, subject to the subsisting rights of redemption of Borrowers but otherwise free from Security Interests and that it has taken all necessary steps to enable it to charge or assign by way of security the Charged Property in accordance with Clause 3 (*Security*) and that it has taken no action or steps to prejudice its right, title and interest in and to the Charged Property, provided that none of the Legal Title-Holder or the Mortgage Administrator shall have any rights against the Issuer in relation to any breach of this warranty to the extent that such breach results directly or indirectly from any breach by any of the Legal Title-Holder or the Mortgage Administrator of any representation, warranty or other obligation given or owed by it to the Issuer.

16.2 Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Transaction Documents, the Issuer hereby covenants with and represents,

warrants and undertakes to the Trustee, for itself and on trust for the Noteholders and the Certificateholders and with the Secured Creditors and with each of them, that:

- 16.2.1 it will not create or permit to exist upon or affect any of the Charged Property any Security Interest whatsoever other than as created by, or in accordance with, the Transaction Documents;
- 16.2.2 it will not transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option, present or future, or right to acquire, any of the Charged Property or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so, except that the Issuer:
 - (a) may sell all of the Mortgages at a price equal to the aggregate Balances of the Mortgages at the date of completion of such sale together with an amount equal to all other amounts due under such Mortgages at a price equal to or greater than an amount being the aggregate of (a) the aggregate Principal Amount Outstanding of the Senior Notes on the relevant Interest Payment Date on which the Senior Notes are to be redeemed; (b) the accrued interest on the Senior Notes on the relevant Interest Payment Date on which the Senior Notes are to be redeemed; (c) any expenses incurred in connection with such sale; (d) if there is a shortfall between the amount standing to the credit of the General Reserve Ledger as at the relevant Interest Payment Date and the General Reserve Fund Required Amount, an amount equal to that shortfall; and (e) amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date in accordance with Notes Condition 5(d) (Optional Redemption in Full) or 5(e) (Optional Redemption for Taxation or Other Reasons) of the conditions of each class of Notes; and
 - (b) may (and may agree to), in respect of all or any part of its assets or undertaking, transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate right title or benefit therein where contemplated in or provided for in the Transaction Documents and where the proceeds of the same are applied *inter alia*, in or towards the redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;
- 16.2.3 it shall ensure that save as permitted by the Transaction Documents, no person other than the Issuer and the Trustee shall have any equitable interest in the Charged Property;
- 16.2.4 it shall give such notices of assignment in relation to the Charged Property as may be required pursuant to the KWL/Issuer Mortgage Sale Agreement or by the Trustee (except, in the circumstances described in Clause 14.1 of this Deed, the notices referred to in clause 6.1 of the KWL/Issuer Mortgage Sale Agreement);

- 16.2.5 so long as any of the Notes remains outstanding it will not have an interest in any bank or securities account other than the Bank Accounts save as may be permitted by the Trustee;
- 16.2.6 it shall not:
- (a) engage in any activity which is not, or hold any capital assets (other than the Mortgage Pool) the holding of which is not, reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
 - (b) open nor have any interest in any account whatsoever with any bank or other financial institution other than the Bank Accounts and Collection Accounts held with the Account Bank, the Collection Accounts Provider, or any other accounts with any bank or financial institution charged in accordance with Clause 3.4 (*Bank Accounts and Collection Accounts*), save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Note and Certificate Condition 2 (Status, Security and Administration) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set off it might otherwise have against the account in question;
 - (c) hold any shares or other interest in any company (including but not limited to, an interest in the capital or income of a company or voting rights in a company), or have any subsidiaries or employees or premises;
 - (d) act as a director of any company; or
 - (e) carry on any trade or business or any activities other than those contemplated by the Transaction Documents and shall not carry on such trade, business or activities as contemplated by the Transaction Documents prior to the Issue Date;
- 16.2.7 it shall not pay any dividend or make any other distribution to its shareholders other than as contemplated by the Transaction Documents;
- 16.2.8 it shall not incur any indebtedness in respect of borrowed money (other than under any subordinated loan agreements) whatsoever or give any guarantee in respect of any obligation of any person;
- 16.2.9 it shall not consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- 16.2.10 it shall not permit any of the Charged Obligation Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation of, or exercise of any powers of consent or waiver pursuant to the terms of the Trust

Deed and the Conditions, or permit any party to any of the Charged Obligation Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents;

- 16.2.11 it (a) is not (and never has been) a member of a VAT group, (b) is not, and is not liable to be, and will not be, registered (or part of any registration) for VAT in the United Kingdom immediately prior to entering into the Transaction Documents, and will not voluntarily become registered (or part of any registration) for VAT in the United Kingdom, and (c) does not and will not make or receive any supplies for VAT purposes otherwise than in accordance with the Transaction Documents;
- 16.2.12 it (a) was incorporated in England and Wales under the Companies Act 2006 and has been, and shall be, resident for tax purposes solely in, and has had, and shall have, its usual place of abode in the United Kingdom, and (b) does not have, and will not have, any business establishments or fixed establishments outside the United Kingdom for VAT purposes;
- 16.2.13 it has not done any of the things specified in sub-clauses 16.2.6 and 16.2.10;
- 16.2.14 it is not a party to the transaction for the purposes of securing a tax advantage for any other person within the meaning of Section 1139 Corporation Tax Act 2010 (formerly Section 840ZA Income and Corporation Taxes Act 1988);
- 16.2.15 it will at all times comply with the obligations and provisions binding upon it under and pursuant to this Deed and the other Transaction Documents;
- 16.2.16 it will duly and promptly pay and discharge all taxes imposed upon it or its assets unless such taxes are, in the opinion of the Trustee, being contested in good faith by the Issuer;
- 16.2.17 it shall at all times retain at least one Independent Director;
- 16.2.18 within 21 days from the date of this Deed and any Supplemental Deed of Charge, it shall deliver to the registrar of companies a duly completed Form MR01 together with a certified copy of this Deed or any Supplemental Deed of Charge (as applicable) for registration in accordance with Section 859A of the Companies Act 2006; and
- 16.2.19 for accounting purposes it shall treat each transaction it has entered into pursuant to the Swap Agreement as a derivative under Financial Reporting Standard 25 (issued in December 2004 by the Accounting Standards Board, or any subsequent accounting standard dealing with transactions which are derivatives under Financial Reporting Standard 25, as from time to time amended),

provided that none of the Legal Title-Holder or the Mortgage Administrator shall have any rights against the Issuer in relation to any breach of these covenants and undertakings to the extent that such breach results directly or indirectly from any

breach by the Legal Title-Holder or the Mortgage Administrator of any of the representations, warranties, or other obligations given or owed by it to the Issuer.

In giving any consent pursuant to this Clause 16.2, the Trustee may request the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient in the interest of the Noteholders and the Certificateholders.

16.3 Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Transaction Documents, the Covenantor hereby covenants with and represents, warrants and undertakes to the Trustee, for itself and on trust for the Noteholders and the Certificateholders and with the Secured Creditors and with each of them that:

16.3.1 the Covenantor shall procure that the Issuer will not become a member of a group of companies for the purposes of VAT;

16.3.2 the Covenantor will not enter into any transaction in circumstances where Section 710 or 713 Corporation Tax Act 2010 (formerly Sections 767A and 767AA Income and Corporation Taxes Act 1988), or Sections 109B-109F Taxes Management Act 1970, or Section 190 Taxation of Chargeable Gains Act 1992 will, or may, apply to impose a charge to corporation tax on the Issuer;

16.3.3 the Covenantor will not engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Covenantor shall engage in;

16.3.4 the Covenantor does not have any employees;

16.3.5 it will maintain its "**centre of main interests**" (for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 (the "**EU Insolvency Regulation**") and the Cross-Border Insolvency Regulations 2006, SI 2006/1030 ("**UNCITRAL Regulations**")) in England and Wales; and

16.3.6 it will not maintain an "**establishment**" (as that expression is defined in the EU Insolvency Regulation and the UNCITRAL Regulations) in any jurisdiction other than in England and Wales.

16.4 If the Issuer for any reason fails to observe or punctually to perform any of its obligations to the Trustee, whether under this Deed, the Trust Deed, and any of the Transaction Documents or otherwise, (after the service of an Enforcement Notice) the Trustee shall have power, on behalf of or in the name of the Issuer or otherwise, to perform the obligation and to take any steps which the Trustee may (but shall not be obliged to do so), in its absolute discretion, consider appropriate with a view to remedying, or mitigating the consequences of, the failure, but so that the exercise of this power, or the failure to exercise it, shall in no circumstances prejudice the Trustee's other rights under this Deed and the Trustee shall incur no Liability whatsoever for so acting or not acting (as the case may be).

17. APPLICATION TO COURT

The Trustee may at any time after the giving of an Enforcement Notice apply to the Court for an order that the terms of this Deed or the trusts of this Deed or any of them be carried into execution under the direction of the Court and for the appointment of a Receiver of the Charged Property or any part thereof and for any other order in relation to the administration of the terms of this Deed or the trusts of these presents or any of them as the Trustee shall deem fit and it may assent to or approve any application to the Court made at the instance of any of the holders of the Most Senior Class and shall be indemnified and/or secured and/or pre-funded to its satisfaction by the Issuer against all the Liabilities incurred by it in relation to any such applications or proceedings.

18. MISCELLANEOUS

- 18.1 No failure on the part of the Trustee or the other Secured Creditors to exercise, and no delay on their part in exercising, any right or remedy under this Deed will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. Subject as provided herein to the contrary, the rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 18.2 Any waiver and any consent by the Trustee and the other Secured Creditors under this Deed must be in writing and may be given subject to any conditions thought fit by the Trustee. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.
- 18.3 The Issuer will pay all stamp duties, land registry, and similar fees, filing and registration fees and other transaction taxes required in relation to or for the purpose of procuring the execution, validity, enforceability or carrying into effect of this Deed and the security created hereby and keep the Trustee and the Secured Creditors indemnified against any failure or delay in paying the same.
- 18.4 No variation of this Deed shall be effective unless it is in writing and signed by an authorised signatory of each of the parties hereto.
- 18.5 It is hereby acknowledged and agreed that each of KWL and the Legal Title-Holder are a party to this Deed for the purposes of acknowledging the rights of the Issuer pursuant to the KWL/Issuer Mortgage Sale Agreement. By its execution of this Deed, KWL shall not assume or have any of the obligations or liabilities of the Issuer or the Legal Title-Holder hereunder.
- 18.6 The execution of this Deed by the Secured Creditors shall be deemed to constitute a notice to such Secured Creditors of the security created by the Issuer under this Deed (including, without limitation any charge or assignment by way of security in respect of the Issuer's rights as against such Secured Creditor) and constitutes an acknowledgement of receipt of such notice.
- 18.7 Without prejudice to the rights of the Noteholders to transfer the Notes, a Secured Creditor shall not assign, transfer or create any trust or interest in (whether by way of security or otherwise howsoever) all or any of its rights or interest under this Deed to

any person (a "**Transferee**") unless that Transferee undertakes (in favour of the Trustee, the Issuer and each other Secured Creditor) to be bound by the provisions of this Deed (by executing the Accession Undertaking in the form set out in Schedule 1), as if it had been named as an original Secured Creditor, any such assumption of obligations by a Transferee to be without prejudice to all obligations of the transferor hereunder which shall continue to subsist.

- 18.8 The Trustee shall be entitled to rely on (and to accept as conclusive evidence save in the case of manifest error) a certificate from each Secured Creditor as to the amounts owed to such Secured Creditor under the Transaction Documents. The Trustee shall not take into account for the purpose of the application of moneys in accordance with the relevant Priority of Payments any amounts of which it has not been notified by the intended recipient on or prior to the date in question.
- 18.9 For the purposes of determining the amounts payable pursuant to Clause 6.2 and the Post-Enforcement Priority of Payments, each Secured Creditor will, at all times, promptly provide the Trustee and/or any Receiver on request with a certificate setting out detailed information as to the amount of the Secured Amounts to which such Secured Creditor is entitled and such other information as the Trustee and/or any Receiver may require to enable or facilitate the Trustee and/or any Receiver to perform its functions under this Deed or under any of the Transaction Documents, such certificate to be in a form required by the Trustee and/or any Receiver.
- 18.10 In any action, proceedings or claim relating to this Deed or the Security, a statement as to any amount due to any Secured Creditor or of the Secured Amounts or any part thereof or a statement of any amounts which have been notified to the Trustee as being amounts due to any Secured Creditor which is certified as being correct by an officer of the Trustee or an officer of the relevant Secured Creditor shall, save in the case of manifest error, be conclusive evidence that such amount is in fact due and payable.

19. NOTICES

- 19.1 All communications relating to this Deed shall be given by letter, fax, or electronic communication:

19.1.1 if to the Issuer, to it at:

Finsbury Square 2016-2 Plc
35 Great St. Helen's
London EC3A 6AP

Fax no.: +44 (0) 20 7398 6325
Email: directors-uk@sfmeurope.com
Attention: The Directors

19.1.2 if to the Principal Paying Agent or Agent Bank or Registrar, to it at:

Citibank, N.A., London Branch
Citigroup Centre,
Canada Square,

Canary Wharf,
London E14 5LB
United Kingdom

Fax no.: +44 (0) 207 500 2931
Email: abs.mbsadmin@citi.com
Attention: ABS/MBS Team

19.1.3 if to the Trustee, to it at:

Wells Fargo Trust Corporation Limited
One Plantation Place
Fenchurch Street
London EC3M 3BD

Fax no.: +44 (0) 20 7149 7220
Email: cts.spglondon2@wellsfargo.com
Attention: Corporate Trust Services

19.1.4 if to KWL, to it at:

7th Floor
11 Old Jewry
London EC2R 8DU

Fax no.: +44 (0) 207 776 9701
Email: london@intertrustgroup.com
Attention: The Company Secretary

With a copy to:

47 Mark Lane
London EC3R 7QQ

Fax no.: +44 207 920 1501
Email: CBAQueries@northviewgroup.com
Attention: Treasury Operations

19.1.5 if to KMC, the Legal Title-Holder, the Mortgage Administrator, the Cash/Bond Administrator, the Trustee under the Collection Account (Initial) Declaration of Trust, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Declaration of Trust and the R Collection Account Supplemental Deed of Declaration of Trust, to it at:

c/o Kensington Mortgage Company Limited,

47 Mark Lane
London
EC3R 7QQ

Fax no.: +44 207 920 1501
Email: CBAQueries@northviewgroup.com
Attention: Treasury Operations

With copies to:

47 Mark Lane
London
EC3R 7QQ

Fax no.: +44 207 920 1501
Email: legal@northviewgroup.com
Attention: Capital Markets – Legal

19.1.6 if to the Standby Cash/Bond Administrator, to it at:

Wells Fargo Bank, N.A.
Old Annapolis Road
Columbia
Maryland 21045
USA

Fax no.: +1 866 359 7131
Email: CTSINTERNATIONALTEAM@wellsfargo.com
Attention: ICS/Finsbury Square 2016-2

Copied to:

Wells Fargo Bank International
Harbourmaster Place
I.F.S.C. Dublin 1
Ireland

Fax no.: + 353 1 436 5798
Email: cts.spglondon2@wellsfargo.com
Attention: Kieran O'Brien

19.1.7 if to the Account Bank/GIC Provider/Swap Collateral Account
Bank/Custodian, to it at:

Citibank, N.A., London Branch
Citigroup Centre
Canada Square,
London E14 5LB

United Kingdom

Fax no.: +44 (0) 207 500 2931
Email: abs.mbsadmin@citi.com
Attention: ABS/MBS Team

19.1.8 if to the Covenantor, to it at:

Finsbury Square 2016-2 Parent Limited
35 Great St. Helen's
London EC3A 6AP

Fax no.: +44 (0) 20 7398 6325
Email: directors-uk@sfmeurope.com
Attention: The Directors

19.1.9 if to the Collection Accounts Provider, to it at:

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

Fax no.: +44 (0) 20 7116 7643
Email: marijana.matic@barclays.com
Attention: Relationship Director, Finsbury Square 2016-2/ Marijana Matic

19.1.10 if to the Corporate Services Provider, Legal Title-Holder Facilitator and the Mortgage Administration Facilitator, to it at:

Structured Finance Management Limited
35 Great St. Helen's
London EC3A 6AP

Fax no.: +44 (0) 20 7398 6325
Email: directors-uk@sfmeurope.com
Attention: The Directors

19.1.11 if to the Swap Counterparty, to it at:

BNP Paribas, London Branch
10 Harewood Avenue, London
NW1 6AA
United Kingdom
Attention: Group Legal – Master Agreement Team

With a copy to:

bgs.data.london@uk.bnpparibas.com

and,

CIB Legal
BNP Paribas
10 Harewood Avenue, NW1 6AA

or to such other address, e-mail address or facsimile number as may from time to time be notified by any party to the other by written notice in accordance with the provisions of this Clause 19.

- 19.2 Communications will take effect, in the case of a letter, when delivered, in the case of fax, when the relevant delivery receipt is received by the sender or, in the case of an electronic communication when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-Business Day in the place of receipt shall be deemed to take effect at the opening of business on the next following Business Day in such place. Any communication delivered to any party under this Deed which is to be sent by fax or electronic communication will be deemed to be a communication "in writing".
- 19.3 Notwithstanding the provisions of sub-clauses 19.1 and 19.2, any notice, demand, approval, certificate, direction or instruction given or made to the Trustee concerning any enforcement of the Security or the provisions of this Deed, the Notes, the Certificates or the Transaction Documents shall not be deemed sufficiently given or made until actually received by the Trustee.

20. ELECTRONIC DIRECTIONS

- 20.1 The Trustee is authorised to act on written directions conveyed by facsimile transmission or written directions or data transmissions conveyed by electronic mail or other electronic means, notwithstanding the fact that such directions do not bear an original authorised signature, provided the directions acted upon reasonably appear to the Trustee to be signed by a person or persons entitled to give binding directions to the Trustee on behalf of a Transaction Party. The parties hereto acknowledge their responsibility for the legibility, accuracy and completeness of the facsimile, electronic direction and electronic data transmissions it submits to the Trustee, including facsimile or electronic direction or data transmissions from duly appointed third party agents and agrees to be responsible for any adverse consequences that may result from errors caused by the quality of such facsimile or electronic data or data transmissions that were the fault of the relevant party. The Trustee may fully rely on the content of any facsimile or electronic direction or data transmission received, and shall have no obligation to verify its accuracy.

- 20.2 Each party to this Deed acknowledges that:

20.2.1 it understands the risks associated with communicating sensitive matters, including time sensitive matters, by facsimile or electronic means and acknowledges that, if it elects to do so, the Trustee may act within a reasonable time of receipt of the facsimile or electronic directions or data transmission; and

20.2.2 that directions and data sent by facsimile or electronic means may be less confidential or secure than directions or data transmitted by other methods.

The Trustee shall not be liable for any loss of the confidentiality of directions and data prior to receipt by the Trustee.

- 20.3 The Issuer agrees to indemnify, defend and hold harmless the Trustee, its employees, agents, affiliates, successors and assigns from and against any direct loss, Liabilities,

cost, claim or expense it incurs as a result of the Trustee acting or relying upon facsimile or electronic directions or data transmission received by the Trustee under the authority of this provision, except such as may result from the wilful default, gross negligence or fraud of the Trustee in relation to such facsimile or electronic directions. This indemnity shall continue in effect until revoked by the Issuer in writing and delivered to the Trustee. This indemnity shall survive the revocation of this provision and the termination of any agreement governing the relationship between the Trustee and the Issuer.

21. COUNTERPARTS

This Deed may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute but one and the same instrument, provided, however, that this Deed shall have no force or effect until it is executed by the last party to execute the same and shall be deemed to have been executed as delivered in the place where such last party executed this Deed.

22. GOVERNING LAW

22.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

22.2 The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed and accordingly any legal action or proceeding arising out of or in connection with this Deed ("**Proceedings**") may be brought in such courts. Each of the parties hereto irrevocably submits to the jurisdiction of such courts and waives any objection to any Proceedings in such courts whether on the grounds of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

22.3 The Standby Cash/Bond Administrator agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Wells Fargo Bank International at One Plantation Place, 30 Fenchurch Street, London EC3M 3BD or, if different, such person's registered office for the time being or at any other address in England and Wales at which process may be served on such person or the Issuer in accordance with Part 37 of the Companies Act 2006. This clause applies to Proceedings in England and to Proceedings elsewhere.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Save in relation to Clauses 5.1 and 13.1, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Deed.

IN WITNESS whereof the parties hereto have caused this Deed to be executed and delivered on the date stated at the beginning of this Deed.

ISSUER

Executed as a Deed

for and on behalf of

FINSBURY SQUARE 2016-2 PLC

acting by two directors being SFM Directors

Limited and SFM Directors (No.2) Limited

.....
[Redacted Signature]

SFM Directors Limited

.....
[Redacted Signature]

SFM Directors (No.2) Limited

TRUSTEE

Executed as a Deed

for and on behalf of

WELLS FARGO TRUST CORPORATION

LIMITED

acting by its duly authorised attorney

.....

Authorised Attorney:

.....

Witness:

Name:

Address:

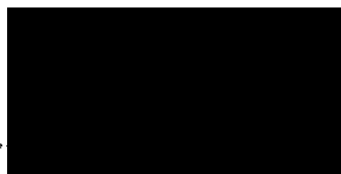
SELLER

Executed as a Deed

for and on behalf of

KOALA WAREHOUSE LIMITED

acting by its duly authorised attorney



Authorised Attorney:



Witness:

Janina Moutia-Bloom
Clifford Chance LLP
10 Upper Bank Street
London, E14 5JJ

Name:

Address:

LEGAL TITLE-HOLDER

Executed as a Deed

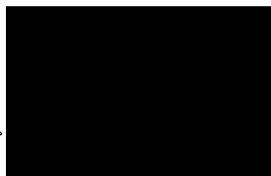
for and on behalf of

**KENSINGTON MORTGAGE COMPANY
LIMITED**

acting by its duly authorised attorney



Authorised Attorney:



Witness:

Name:

Address:

Janina Moutia-Bloom
Clifford Chance LLP
10 Upper Bank Street
London, E14 5JJ

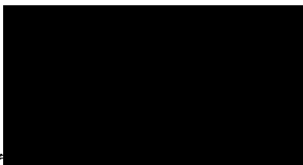
CASH/BOND ADMINISTRATOR, MORTGAGE ADMINISTRATOR AND KMC

Executed as a Deed

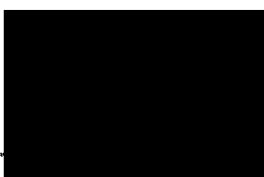
for and on behalf of

**KENSINGTON MORTGAGE COMPANY
LIMITED**

acting by its duly authorised attorney

.....


Authorised Attorney:

.....


Witness:

Name: Janina Moutia-Bloom
Clifford Chance LLP
Address: 10 Upper Bank Street
London, E14 5JJ

**PRINCIPAL PAYING AGENT, AGENT BANK ACCOUNT BANK, GIC PROVIDER,
CUSTODIAN AND SWAP COLLATERAL ACCOUNT BANK AND REGISTRAR**

Executed as a Deed

for and on behalf of

CITIBANK, N.A., LONDON BRANCH

acting by its duly delegated signatory

[Redacted Signature]

Georgia Mitchell
Vice President

Delegated Signatory:

[Redacted Signature]

Witness: ✓ Janina Moutia-Bloom
Name: Clifford Chance LLP
10 Upper Bank Street
Address: London, E14 5JJ

COLLECTION ACCOUNTS PROVIDER

Executed as a Deed
for and on behalf of
BARCLAYS BANK PLC
acting by its attorney in the presence of:

.....
Authorised Signatory:

.....
Witness:

Name:

Address:

**CORPORATE SERVICES PROVIDER, LEGAL TITLE-HOLDER FACILITATOR
AND MORTGAGE ADMINISTRATION FACILITATOR**

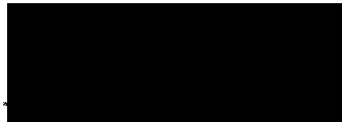
Executed as a Deed
for and on behalf of
STRUCTURED FINANCE MANAGEMENT LIMITED
acting by two authorised signatories:

.....
Director:

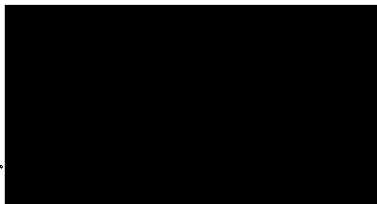
.....
~~Director~~/Secretary:

COVENANTOR

Executed as a Deed
for and on behalf of
**FINSBURY SQUARE 2016-2 PARENT
LIMITED**
acting by its two directors

.....


per pro SFM Directors Limited

.....


Per pro SFM Directors (No.2) Limited

STANDBY CASH/BOND ADMINISTRATOR

Executed as a Deed
for and on behalf of
WELLS FARGO BANK INTERNATIONAL
acting by its attorney in the presence of:

.....

Authorised Signatory:

.....

Witness:

Name:

Address:

SWAP COUNTERPARTY

Executed as a Deed

for and on behalf of

BNP PARIBAS, LONDON BRANCH

acting by its authorised signatories:

.....

Authorised Signatory:

.....

Authorised Signatory:

SCHEDULE 1
FORM OF ACCESSION UNDERTAKING

To: The Trustee, for itself and each of the other parties to the Deed of Charge referred to below.

This Undertaking is made the [●] day of [●] 20[●] by [new Secured Creditor] (the "**Acceding Secured Creditor**") in relation to the deed of charge (the "**Deed of Charge**") dated 13 October 2016 between Finsbury Square 2016-2 Plc as Issuer and Wells Fargo Trust Corporation Limited as Trustee. Terms defined in the Deed of Charge shall bear the same meanings herein.

In consideration of the Acceding Secured Creditor being accepted as a Secured Creditor for the purposes of the Deed of Charge by the parties thereto as from such date, the Acceding Secured Creditor hereby confirms that, as from [date], it intends to be party to the Deed of Charge as a Secured Creditor, undertakes to perform all the obligations expressed therein to be assumed by Secured Creditors and agrees that it shall be bound by all the provisions of the Deed of Charge, as if it had been an original party thereto.

This Undertaking and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English Law.

In witness whereof, this Undertaking has been executed as a deed by the Acceding Secured Creditor on the date stated at the beginning of this Undertaking.

Executed by
acting by

Address for Notices:

For the attention of:

Countersigned by the Trustee
for and on behalf of
WELLS FARGO TRUST CORPORATION
LIMITED

Date: