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Clavis Securities plc

(Incorporated with limited liability in England and Wales with registered number: 5778179)

Series 2007-01

issued under its

Asset Backed Note Programme

This issue in respect of this Series comprises the following Classes of Notes:

| Initial principal amount | Class | Final maturity | Issue price | Margin | Expected rating | | |
|--------------------------|-----------------|----------------|-------------|--------|-----------------|---------|-----|
| | | | | | Fitch | Moody's | S&P |
| GBP 40,000,000 | Class A1a Notes | December 2032 | 100% | 0.080% | AAA | Aaa | AAA |
| EUR 140,750,000 | Class A1b Notes | December 2032 | 100% | 0.070% | AAA | Aaa | AAA |
| GBP 91,400,000 | Class A2a Notes | December 2032 | 100% | 0.125% | AAA | Aaa | AAA |
| GBP 150,000,000 | Class A3a Notes | December 2032 | 100% | 0.170% | AAA | Aaa | AAA |
| EUR 115,500,000 | Class A3b Notes | December 2032 | 100% | 0.150% | AAA | Aaa | AAA |
| GBP 35,000,000 | Class AZa Notes | December 2032 | 100% | 0.200% | AAA | — | AAA |
| GBP 12,000,000 | Class M1a Notes | December 2040 | 100% | 0.270% | AA | — | AA |
| EUR 15,500,000 | Class M1b Notes | December 2040 | 100% | 0.270% | AA | — | AA |
| GBP 5,000,000 | Class M2a Notes | December 2040 | 100% | 0.450% | A | — | A |
| EUR 21,900,000 | Class M2b Notes | December 2040 | 100% | 0.450% | A | — | A |
| GBP 5,500,000 | Class B1a Notes | December 2040 | 100% | 1.150% | BBB | — | BBB |
| EUR 12,850,000 | Class B1b Notes | December 2040 | 100% | 1.150% | BBB | — | BBB |
| GBP 8,100,000 | Class B2a Notes | December 2040 | 100% | 4.000% | BB | — | BB |

This Note Issue Supplement has been prepared in relation to an issue of the Series 2007-01 Notes (being Notes of the Issuer) and is supplemental to and must be read in conjunction with the Note Programme Memorandum dated 24 May 2007 (accompanying this Note Issue Supplement) issued under the secured Notes issuance programme of the Issuer. This Note Issue Supplement forms part of the Note Listing Documents in relation to the Notes described in this Note Issue Supplement.

Copies of this Note Issue Supplement, which comprises a supplementary prospectus with regard to the Issuer, the Note Programme Memorandum and the Notes in accordance with Article 16 of the Prospectus Directive and Section 87G of the FSMA and includes the final terms of the Notes for the purposes of Article 5.4 of the Prospectus Directive have been filed with the UK Listing Authority and delivered to the London Stock Exchange. Save as disclosed in this Note Issue Supplement, the Issuer confirms that there has been no significant change and no significant new factor, material mistake or inaccuracy relating to the information in the Note Programme Memorandum has arisen since publication of the Note Programme Memorandum.

This Note Issue Supplement (being a supplementary prospectus, as indicated above) has been prepared for the purpose of providing information with regard to the Issuer and the Notes. The Issuer accepts responsibility for the information contained in this Note Issue Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Note Issue Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Particular attention is drawn to the following sections of the Note Listing Documents:

- the section entitled **1. Important Information about this Document** in the Note Programme Memorandum;
- the section entitled **3. Risk Factors** in the Note Programme Memorandum; and
- the section entitled **Additional Particular Risk Factors** in this Note Issue Supplement.

Capitalised terms defined in the Note Programme Memorandum have the same meaning in this Note Issue Supplement. Please refer to 14 *Glossary* in the Note Programme Memorandum and *Note Issue Supplement Glossary* in this Note Issue Supplement to find the page in the Note Listing Documents on which a capitalised term is defined.

Arranger, Lead Manager and Bookrunner



Co-Manager

Danske Bank A/S

CONTENTS

| | | | |
|--|------|---|------|
| OVERVIEW OF CERTAIN FEATURES OF THE SERIES NOTES..... | S-3 | PROVISIONAL SERIES PORTFOLIO SUMMARY DATA | S-69 |
| SERIES OVERVIEW DIAGRAM..... | S-4 | Summary table of Series Portfolio | S-69 |
| NOTE SPECIFIC CONDITIONS | S-4 | Distribution of Mortgage Loans by origination value | |
| 1. Issue of the Series Notes | S-4 | LTV..... | S-69 |
| 2. Form and holdings of the Series Notes | S-6 | Distribution of Mortgage Loans by indexed LTV | S-69 |
| 3. Interest on the Series Notes | S-8 | Distribution of Mortgage Loans by Current Balance | S-70 |
| 4. Repayment of the Series Notes | S-11 | Distribution of Mortgage Loans by current interest rate | S-70 |
| SERIES SPECIFIC PROVISIONS..... | S-13 | Distribution of Mortgage Loans by stabilised margin | S-70 |
| 1. Series Portfolio | S-13 | Distribution of Mortgage Loans by current rate type | S-70 |
| 2. Series Portfolio Services Aspects | S-19 | Distribution of Mortgage Loans by method of | |
| 3. Series Treasury Services Aspects | S-22 | amortisation | S-71 |
| 4. Series Account Services Aspects | S-23 | Distribution of Mortgage Loans by income verification | S-71 |
| 5. Series Note Trustee Aspects | S-24 | Distribution of Mortgage Loans by Mortgage Loan | |
| 6. Series Note Services Aspects | S-24 | purpose | S-71 |
| 7. Series Additional Services Aspects | S-24 | Distribution of Mortgage Loans by Mortgage priority | S-71 |
| 8. Series Credit Support | S-25 | Distribution of Mortgage Loans by region | S-71 |
| 9. Series General Credit Features | S-25 | Distribution of Mortgage Loans by property type | S-72 |
| 10. Series Liquidity Facility | S-26 | Distribution of Mortgage Loans by occupancy type | S-72 |
| 11. Series Hedge Agreements | S-31 | Distribution of Mortgage Loans by number of months | |
| 12. Series Subordinated Facility | S-34 | in arrears | S-72 |
| 13. Series Distribution Procedures | S-34 | Distribution of Mortgage Loans with county court | |
| 14. Series Miscellaneous Features | S-52 | judgments | S-72 |
| PROGRAMME SPECIFIC PROVISIONS..... | S-53 | Distribution of Mortgage Loans by bankruptcy orders | |
| 1. Security | S-53 | and individual voluntary arrangements | S-73 |
| 2. General Distribution Scheme | S-53 | Distribution of Mortgage Loans by seasoning | S-73 |
| 3. General Account Services Aspects | S-56 | Distribution of Mortgage Loans by remaining maturity | S-73 |
| 4. General Treasury Services Aspects | S-56 | Distribution of Mortgage Loans by remaining term to | |
| 5. Corporate Services Aspects | S-57 | reversion | S-73 |
| 6. Programme Financial Services Aspects | S-57 | Distribution of Mortgages by tenure | S-74 |
| 7. General Additional Services Aspects | S-57 | ADDITIONAL INFORMATION ABOUT CERTAIN TRANSACTION | |
| 8. Additional Documents Incorporated by | | PARTIES | S-75 |
| Reference | S-57 | Basinghall Finance PLC | S-75 |
| 9. General Subordinated Facility | S-57 | WestLB AG and WestLB AG, London Branch | S-75 |
| ADDITIONAL PARTICULAR RISK FACTORS..... | S-59 | Danske Bank A/S | S-76 |
| Unfair Terms Regulations | S-59 | Barclays Bank PLC | S-76 |
| Regulation of Mortgage Business in the United | | The Royal Bank of Scotland plc | S-77 |
| Kingdom | S-61 | Specialist Mortgage Services Limited | S-78 |
| Consumer Credit Act 2006 | S-61 | HSBC Bank plc | S-78 |
| Unfair Commercial Practices Directive | S-61 | HSBC Trustee (C.I.) Limited | S-78 |
| Introduction of International Financial Reporting | | Structured Finance Management Limited | S-79 |
| Standards | S-61 | ADDITIONAL INFORMATION ABOUT THE SERIES NOTES | S-80 |
| ADDITIONAL INFORMATION ABOUT THE SERIES PORTFOLIO... S-63 | | Note Issue Initial Subscribers | S-80 |
| Series Portfolio Originator | S-63 | Selling and investment restrictions | S-80 |
| Series Portfolio Previous Owner | S-63 | Estimated average lives of the Notes | S-80 |
| Origination and underwriting of Series Portfolio | S-63 | Yield in respect of the Series Notes | S-85 |
| Lending criteria used in origination of Series Portfolio | S-64 | Use of proceeds | S-86 |
| Warranties in relation to the Series Portfolio | S-67 | Expenses related to admission to trading on Regulated | |
| Interest rate setting in relation to certain Series | | Market | S-86 |
| Portfolio Mortgages | S-68 | Notes outstanding under other Series | S-86 |
| | | NOTE ISSUE SUPPLEMENT GLOSSARY | S-87 |

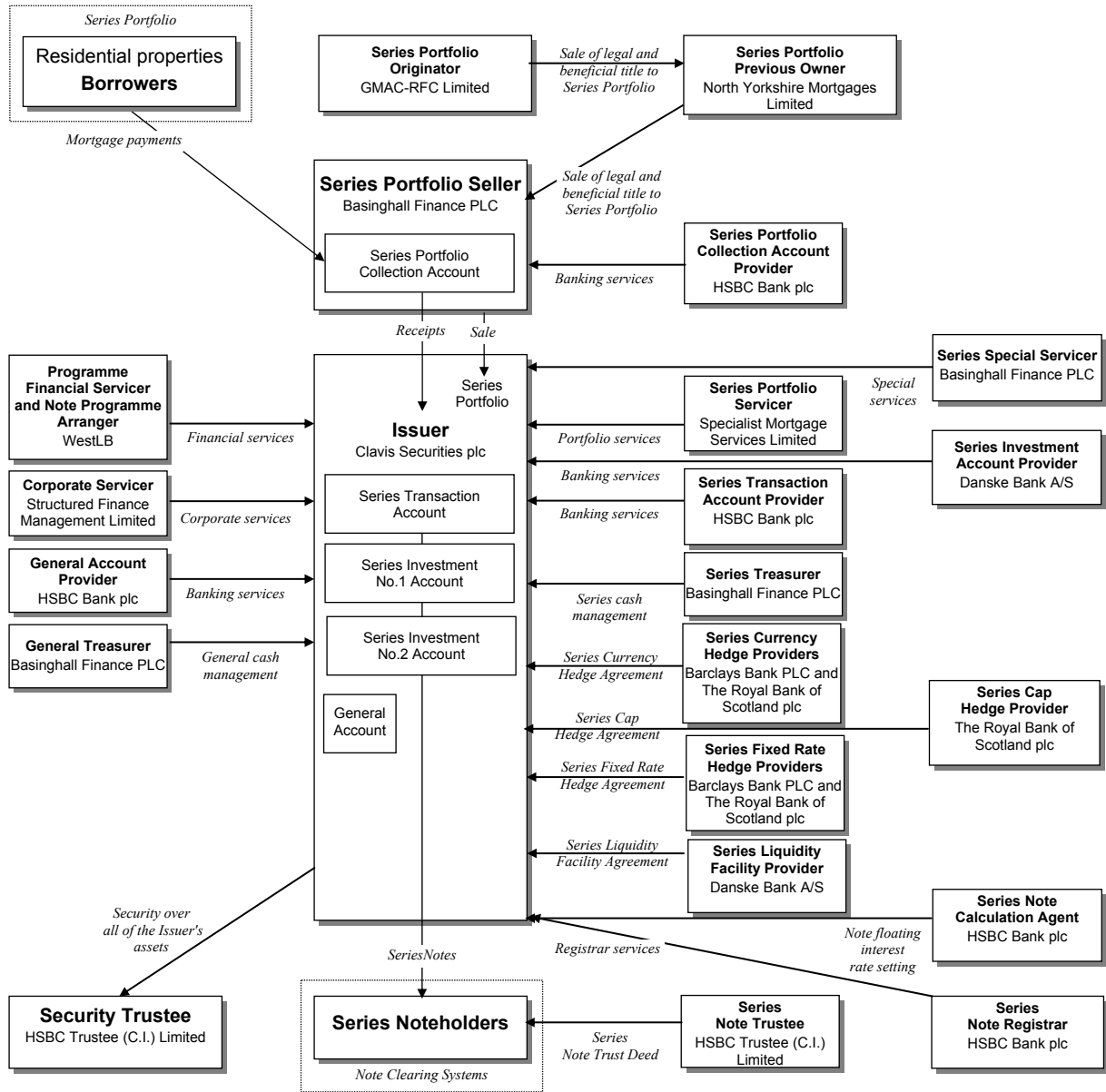
OVERVIEW OF CERTAIN FEATURES OF THE SERIES NOTES

The following is a brief overview of certain features of the Series Notes and is qualified in its entirety by the more detailed information appearing elsewhere in the Note Listing Documents relating to the Series.

| Class | Initial Principal Amount Outstanding (GBP Equivalent) | Finch | Moody's | S&P | Credit enhancement: | Interest benchmark rate (for the relevant Interest Payment Period): margin | Interest accrual method | Interest Payment Dates (subject to adjustment) | Month of first Interest Payment Date | Interest Payment Date falls in | Clearance/ settlement | Minimum denomination |
|-----------------|---|-------|---------|-----|---|--|-------------------------|--|--------------------------------------|--------------------------------|-----------------------|----------------------|
| Class A1a Notes | £40,000,000 | AAA | Aaa | AAA | Subordination of Notes in Class Tiers AZ, M1, M2, B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.080% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | £50,000 |
| Class A1b Notes | €140,750,000 | AAA | Aaa | AAA | Subordination of Notes in Class Tiers AZ, M1, M2, B1 and B2 and Series Reserve Fund | EURIBOR for three month EUR deposits 0.070% | Actual/360 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | €50,000 |
| Class A2a Notes | €91,400,000 | AAA | Aaa | AAA | Subordination of Notes in Class Tiers AZ, M1, M2, B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.125% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | £50,000 |
| Class A3a Notes | £150,000,000 | AAA | Aaa | AAA | Subordination of Notes in Class Tiers AZ, M1, M2, B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.170% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | £50,000 |
| Class A3b Notes | €115,500,000 | AAA | Aaa | AAA | Subordination of Notes in Class Tiers AZ, M1, M2, B1 and B2 and Series Reserve Fund | EURIBOR for three month EUR deposits 0.150% | Actual/360 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | €50,000 |
| Class AZa Notes | €35,000,000 | AAA | — | AAA | Subordination of Notes in Class Tiers M1, M2, B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.200% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2032 | Clearstream | £50,000 |
| Class M1a Notes | £12,000,000 | AA | — | AA | Subordination of Notes in Class Tiers M2, B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.270% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | £50,000 |
| Class M1b Notes | €15,500,000 | AA | — | AA | Subordination of Notes in Class Tiers M2, B1 and B2 and Series Reserve Fund | EURIBOR for three month EUR deposits 0.270% | Actual/360 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | €50,000 |
| Class M2a Notes | €5,000,000 | A | — | A | Subordination of Notes in Class Tiers B1 and B2 and Series Reserve Fund | LIBOR for three month GBP deposits 0.450% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | £50,000 |
| Class M2b Notes | €21,900,000 | A | — | A | Subordination of Notes in Class Tiers B1 and B2 and Series Reserve Fund | EURIBOR for three month EUR deposits 0.450% | Actual/360 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | €50,000 |
| Class B1a Notes | €5,500,000 | BBB | — | BBB | Subordination of Notes in Class Tier B2 and Series Reserve Fund | LIBOR for three month GBP deposits 1.150% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | £50,000 |
| Class B1b Notes | €12,850,000 | BBB | — | BBB | Subordination of Notes in Class Tier B2 and Series Reserve Fund | EURIBOR for three month EUR deposits 1.150% | Actual/360 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | €50,000 |
| Class B2a Notes | €8,100,000 | BB | — | BB | Series Reserve Fund | LIBOR for three month GBP deposits 4.000% | Actual/365 | 15 March, 15 June, 15 September, and 15 December | September 2007 | December r 2040 | Clearstream | £50,000 |

SERIES OVERVIEW DIAGRAM

The following diagram is intended to provide an initial impression of the structure and main parties of Series 2007-01 under the Programme:



NOTE SPECIFIC CONDITIONS

The following are the Note Specific Conditions relating to the Series 2007-01 Notes and form part of the Note Conditions as applied to the Notes (but solely with respect to this Note Issue) by the Series Note Trust Deed and constitute the final terms of the Series Notes for the purposes of Article 5.4 of the Prospectus Directive in relation to this issue of Notes:

1. **Issue of the Series Notes**
 - 1.1 **Issuer**
Clavis Securities plc.
 - 1.2 **Series**
2007-01.

1.3 Description of the Notes

Series 2007-01 GBP Equivalent 556,840,201 Notes.

1.4 Note Issue Closing Date

30 May 2007.

1.5 Note Issue Supplement Date

24 May 2007.

1.6 Note Initial Principal Amount

- (1) GBP 40,000,000 in aggregate in respect of the Class A1a Notes.
- (2) EUR 140,750,000 in aggregate in respect of the Class A1b Notes.
- (3) GBP 91,400,000 in aggregate in respect of the Class A2a Notes.
- (4) GBP 150,000,000 in aggregate in respect of the Class A3a Notes.
- (5) EUR 115,500,000 in aggregate in respect of the Class A3b Notes.
- (6) GBP 35,000,000 in aggregate in respect of the Class AZa Notes.
- (7) GBP 12,000,000 in aggregate in respect of the Class M1a Notes.
- (8) EUR 15,500,000 in aggregate in respect of the Class M1b Notes.
- (9) GBP 5,000,000 in aggregate in respect of the Class M2a Notes.
- (10) EUR 21,900,000 in aggregate in respect of the Class M2b Notes.
- (11) GBP 5,500,000 in aggregate in respect of the Class B1a Notes.
- (12) EUR 12,850,000 in aggregate in respect of the Class B1b Notes.
- (13) GBP 8,100,000 in aggregate in respect of the Class B2a Notes.

1.7 Note Issue Price

100% of the Note Initial Principal Amount in relation to each Class of Notes in the Series.

1.8 Note Issue Instrument

The Note Issue Instrument dated on or about the Note Issue Closing Date between, among others, the Issuer, the Programme Financial Services Provider, the Security Trustee and the Series Note Trustee.

1.9 Note Issue Subscription Agreement

The Note Issue Subscription Agreement dated on or about the Note Issue Supplement Date between the Issuer, the Programme Financial Services Provider, the Security Trustee, the Note Issue Managers and the Note Issue Lead Managers.

1.10 Note Issue Lead Manager

WestLB AG of Herzogstrasse 15, 40217 Düsseldorf Germany.

1.11 Note Issue Managers

WestLB AG and Danske Bank A/S.

1.12 Note Issue Manager Fees

GBP 699,019.

1.13 Note Issue Stabilising Manager

WestLB AG of Herzogstrasse 15, 40217 Düsseldorf Germany.

1.14 Note Ratings

| <i>Notes</i> | <i>Long Term Rating</i> | | |
|-----------------|-------------------------|----------------|----------------|
| | <i>Fitch</i> | <i>Moody's</i> | <i>S&P</i> |
| Class A1a Notes | AAA | Aaa | AAA |
| Class A1b Notes | AAA | Aaa | AAA |
| Class A2a Notes | AAA | Aaa | AAA |
| Class A3a Notes | AAA | Aaa | AAA |
| Class A3b Notes | AAA | Aaa | AAA |

| Notes | Long Term Rating | | |
|-----------------|------------------|---------|-----|
| | Fitch | Moody's | S&P |
| Class AZa Notes | AAA | — | AAA |
| Class M1a Notes | AA | — | AA |
| Class M1b Notes | AA | — | AA |
| Class M2a Notes | A | — | A |
| Class M2b Notes | A | — | A |
| Class B1a Notes | BBB | — | BBB |
| Class B1b Notes | BBB | — | BBB |
| Class B2a Notes | BB | — | BB |

1.15 Further Tranche Permitted

Not Applicable.

1.16 Further Tranche Conditions

Not Applicable.

1.17 Note Notices Newspaper

In relation to each Class of Notes, the *Financial Times*.

1.18 Note Class Tiers

| Tier | Class |
|------|--|
| A | Class A1a Notes, Class A1b Notes, Class A2a Notes, Class A3a Notes and Class A3b Notes |
| AZ | Class AZa Notes |
| M1 | Class M1a Notes and Class M1b Notes |
| M2 | Class M2a Notes and Class M2b Notes |
| B1 | Class B1a Notes and Class B1b Notes |
| B2 | Class B2a Notes |

1.19 Reg S Notes and Rule 144A Notes

All of the Notes are Reg S Notes.

2. Form and holdings of the Series Notes

2.1 Note Denomination Minimum

- (1) GBP 50,000 in relation to each Class of Notes in the Series which is denominated in GBP; and
- (2) EUR 50,000 in relation to each Class of Notes in the Series which is denominated in EUR.

2.2 Note Denomination Multiple

- (1) GBP 10,000 in relation to each Class of Notes in the Series which is denominated in GBP; and
- (2) EUR 10,000 in relation to each Class of Notes in the Series which is denominated in EUR.

2.3 Note Currency

- (1) GBP in relation to each Class of Notes in the Series which is denominated in GBP; and
- (2) EUR in relation to each Class of Notes in the Series which is denominated in EUR.

2.4 Note Currency Unit

- (1) GBP 0.01 in relation to each Class of Notes in the Series which is denominated in GBP; and
- (2) EUR 0.01 in relation to each Class of Notes in the Series which is denominated in EUR.

2.5 Note Currency Centre

London in relation to each Class of Notes in the Series.

2.6 Clearing System Arrangement

Applicable in relation to each Class of Notes in the Series.

2.7 Clearing System

Euroclear Bank S.A./N.V., as operator of the Euroclear System, 3 Boulevard du Roi Albert 11, B-1210, Brussels, Belgium and Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855, Luxembourg (and any successor to their respective clearing system businesses) in relation to each Class of Notes in the Series.

2.8 Clearing System Noteholder

HSBC Issuer Services Common Depository Nominee (UK) Limited acting as nominee for HSBC Bank plc, 8 Canada Square, London E14 5HQ being the common depository for each Clearing System in respect of each Class of Notes in the Series.

2.9 Clearing System Codes

| <i>Notes</i> | <i>Common Code</i> | <i>ISIN</i> |
|-----------------|--------------------|--------------|
| Class A1a Notes | 030226755 | XS0302267553 |
| Class A1b Notes | 030226852 | XS0302268528 |
| Class A2a Notes | 030226801 | XS0302268015 |
| Class A3a Notes | 030226836 | XS0302268361 |
| Class A3b Notes | 030226909 | XS0302269096 |
| Class AZa Notes | 030226844 | XS0302268445 |
| Class M1a Notes | 030226968 | XS0302269682 |
| Class M1b Notes | 030227085 | XS0302270854 |
| Class M2a Notes | 030227018 | XS0302270185 |
| Class M2b Notes | 030227166 | XS0302271662 |
| Class B1a Notes | 030227026 | XS0302270268 |
| Class B1b Notes | 030227182 | XS0302271829 |
| Class B2a Notes | 030227034 | XS0302270342 |

2.10 Clearing System Removal Additional Events

None.

2.11 Note Listing

Listing on the Official List of the UK Listing Authority and admission to trading on the London GEFI Market. The Series Notes are expected to be admitted to trading on the first Business Day following the Note Issue Closing Date.

2.12 Note Legend

This Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), any state securities laws in the United States or the securities laws of any other jurisdiction and may not be reoffered, resold, pledged or otherwise transferred except as permitted by this legend. The holder hereof, by its acceptance of this Note, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this Note except in compliance with the U.S. Securities Act and other applicable laws and except (a) to a person that is not a U.S. person (as defined in Regulation S under the U.S. Securities Act) outside the United States in compliance with Rule 903 or 904 of Regulation S under the U.S. Securities Act and (b) (1) upon delivery of all certifications, opinions and other documents that the Issuer or the Series Note Trustee may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction.

This Note is not transferable except in accordance with the restrictions described herein and in the Series Note Trust Deed. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Series Note Trustee or any intermediary. Each transferor of this Note agrees to provide notice of the transfer restrictions set forth herein and in the Series Note Trust Deed to the transferee.

2.13 Note Transfer Additional Regulations

None.

3. Interest on the Series Notes

3.1 Note Interest Liability

In respect of each Class of Notes, the Issuer will pay interest on each Note in such Class on the basis that such interest shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 1. *Standard Interest Liability Provisions* of the *Standard Liability Provisions*, and for such purpose:

- (1) **Interest Liability**
means the Issuer's liability in respect of such interest on each Note in such Class as accrued, calculated and to be paid in accordance with and subject to the terms of the provisions set out in section 1. of the *Standard Interest Liability Provisions* of the *Standard Liability Provisions*;
- (2) **Interest Scheduled Charging Balance**
means in relation to such Class of Notes in the Series, the aggregate Note Principal Amount Outstanding of such Class of Notes on the first day of the relevant Interest Payment Period relating to such Class of Notes (after taking account of the application of funds pursuant to any Distribution Waterfalls due to be applied on such first day);
- (3) **Interest Payment Date**
means in relation to such Class of Notes:
 - (a) prior to the occurrence of the earlier of a Series Note Acceleration Date in relation to any Notes in the Series or a Series Waterfall Assets Realisation Date in relation to the Series, 15 March, 15 June, 15 September, and 15 December in each year in relation to each Class of Notes in the Series starting with the Distribution Date which occurs in September 2007; and
 - (b) from (and including) such occurrence, each Distribution Date in respect of the Series;
- (4) **Interest Payment Period**
means the period beginning on (and including) the Interest Start Date in relation to such Notes and ending on (but excluding) the first Interest Payment Date in relation to such Notes to occur after such Interest Start Date and each successive period beginning on an Interest Payment Date in relation to such Notes and ending on (but excluding) the next succeeding Interest Payment Date in relation to such Notes;
- (5) **Interest Rate Setting Date**
means:
 - (a) the first day of each Interest Payment Period if such Class of Notes is denominated in GBP; and
 - (b) two TARGET Business Days before the first day of each Interest Payment Period if such Class of Notes is denominated in EUR;(including, in each case, the Interest Payment Period starting on the Note Issue Closing Date);
- (6) **Interest Rate Setting Time**
means:
 - (a) 11.00 a.m. London time if such Class of Notes is denominated in GBP; and
 - (b) 11.00 a.m. Brussels time if such Class of Notes is denominated in EUR;
- (7) **Interest Rate**
means in relation to any Interest Accrual Period relating to that Interest Liability in relation to such Class of Notes:
 - (a) the Benchmark Rate specified in relation to that Class, and calculated in the manner indicated, under the heading *Note Interest Rate Benchmark Rate* in these Note Specific Conditions; plus
 - (b) the percentage specified in relation to that Class under the heading *Note Interest Rate Margin* in these Note Specific Conditions.
- (8) **Interest Rate Maximum**
Not Applicable;
- (9) **Interest Rate Minimum**
Not Applicable;

- (10) **Interest Start Date**
the Note Issue Closing Date;
- (11) **Interest Scheduled Start Date**
the Note Issue Closing Date;
- (12) **Interest Accelerated Start Additional Date**
Not Applicable;
- (13) **Interest Deferral**
 - (a) Not Applicable if such Class of Notes is the Class A1a Notes, Class A1b Notes, Class A2a Notes, Class A3a Notes, Class A3b Notes or Class AZa Notes; and
 - (b) Applicable if such Class of Notes is any other Class of Notes in the Series prior to (but excluding) the Principal Repayment Accelerated Date relating to the repayment of principal on such other Class of Notes and Not Applicable at any other time in relation to such other Class of Notes;
- (14) **Interest Saving**
Not Applicable;
- (15) **Interest Saving Start Date**
Not Applicable;
- (16) **Business Day Convention**
Modified Following Business Day Convention in relation to such Class of Notes;
- (17) **Day Count Fraction**
means:
 - (a) Actual/365 if such Class of Notes is denominated in GBP; and
 - (b) Actual/360 if such Class of Notes is denominated in EUR;
- (18) **Interest Calculation Agent**
means the Series Note Calculation Agent; and
- (19) **Interest Creditor Representative**
means the Series Note Trustee.

3.2 **Note Interest Rate Benchmark Rate**

The following Benchmark Rate which shall be calculated and determined in accordance with and subject to the terms of the provisions set out in section 5 *Standard Benchmark Rate Provisions* of the *Standard Liability Provisions*, and for such purpose:

- (1) **Benchmark Rate**
means:
 - (a) the London inter-bank offered rate ("**LIBOR**") in relation to each Class of Notes in the Series which is denominated in GBP; and
 - (b) the Eurozone inter-bank offered rate ("**EURIBOR**") in relation to each Class of Notes in the Series which is denominated in EUR;
- (2) **Benchmark Rate Primary Source**
means:
 - (a) the Page number LIBOR01 on the Reuters Monitor in relation to each Class of Notes in the Series which is denominated in GBP; and
 - (b) the Page number EURIBOR01 on the Reuters Monitor in relation to each Class of Notes in the Series which is denominated in EUR;
- (3) **Benchmark Rate Reference Banks**
means Barclays Bank PLC, Lloyds TSB Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc in relation to each Class of Notes in the Series;
- (4) **Benchmark Rate Quotation**
means:

- (a) three month deposits of GBP 10,000,000 in relation to each Class of Notes in the Series which is denominated in GBP except for the first Note Interest Payment Period in relation to each such Class of Notes where the relevant Note Interest Rate Benchmark shall be the rate which is a linear interpolation between the Note Interest Rate Benchmark for 3 month deposits of GBP 10,000,000 and the Note Interest Rate Benchmark for 4 month deposits of GBP 10,000,000; and
- (b) three month deposits of EUR 10,000,000 in relation to each Class of Notes in the Series which is denominated in EUR except for the first Note Interest Payment Period in relation to each such Class of Notes where the relevant Note Interest Rate Benchmark shall be the rate which is a linear interpolation between the Note Interest Rate Benchmark for 3 month deposits of EUR 10,000,000 and the Note Interest Rate Benchmark for 4 month deposits of EUR 10,000,000.

(5) **Benchmark Rate Interpolation**

Applicable in respect of the Note Interest Rate for the first Note Interest Payment Period in relation to each Class of Notes in the Series (and to be calculated as indicated under *Benchmark Rate Quotation* above).

3.3 **Note Interest Rate Margin**

In relation to an Interest Liability in respect of a Class of Notes in the Series, the percentage indicated in the Margin column in respect of each Interest Payment Period relating to such Notes, in each case in the row relating to that Class appearing in the following table (each such percentage being a rate per annum) (being the "Note Interest Rate Margin" in respect of such Notes):

| <i>Class of Notes</i> | <i>Margin</i> |
|-----------------------|---------------|
| Class A1a Notes | 0.080% |
| Class A1b Notes | 0.070% |
| Class A2a Notes | 0.125% |
| Class A3a Notes | 0.170% |
| Class A3b Notes | 0.150% |
| Class AZa Notes | 0.200% |
| Class M1a Notes | 0.270% |
| Class M1b Notes | 0.270% |
| Class M2a Notes | 0.450% |
| Class M2b Notes | 0.450% |
| Class B1a Notes | 1.150% |
| Class B1b Notes | 1.150% |
| Class B2a Notes | 4.000% |

3.4 **Current Note Libor**

"**Current Note GBP Libor**" means at any time the then prevailing Benchmark Rate in respect of the Class B2a Notes at that time as determined and calculated under these Note Specific Conditions.

3.5 **Current Note Interest Payment Period**

"**Current Note Interest Payment Period**" means at any time the then prevailing Interest Payment Period in relation the Interest Liability in respect of the Class B2a Notes at that time as determined and calculated under these Note Specific Conditions.

3.6 **Business Day**

A day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are generally open for business (including dealings in foreign exchange and foreign currency deposits) in each case in London and which is also a TARGET Business Day.

3.7 **TARGET Business Day**

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open.

4. Repayment of the Series Notes

4.1 Note Principal Repayment Liability

Without prejudice to Note Standard Conditions 6.2 *Redemption for taxation and other reasons* and 6.3 *Full redemption at the option of the Issuer*, in respect of each Class of Notes, the Issuer shall repay principal on each Note in such Class on the basis that the principal repayments shall be calculated and be made in accordance with and subject to the terms of the Standard Principal Repayment Liability Provisions, and for such purpose:

- (1) **Principal Repayment Liability**
means the Issuer's liability in respect of such repayment of principal on each Note in such Class;
- (2) **Principal Repayment Start Date**
the Note Issue Closing Date in relation to each Class of Notes in the Series;
- (3) **Principal Repayment Date**
in relation to a Class of Notes in the Series:
 - (a) prior to the occurrence of the earlier of a Series Note Acceleration Date in relation to any Notes in the Series or a Series Waterfall Assets Realisation Date in relation to the Series, 15 March, 15 June, 15 September, and 15 December in each year in relation to each Class of Notes in the Series starting with the Distribution Date which occurs in September 2007; and
 - (b) from (and including) such occurrence, each Distribution Date in respect of the Series;
- (4) **Principal Repayment Deferral**
Not Applicable;
- (5) **Principal Repayment Saving**
Not Applicable;
- (6) **Principal Repayment Saving Start Date**
Not Applicable;
- (7) **Principal Repayment Scheduled Date**
in relation to a Class of Notes in the Series, the Principal Repayment Final Maturity Date in relation to that Class of Note;
- (8) **Principal Repayment Final Maturity Date**
 - (a) the Interest Payment Date falling in December 2032 in respect of the Class A1a Notes;
 - (b) the Interest Payment Date falling in December 2032 in respect of the Class A1b Notes;
 - (c) the Interest Payment Date falling in December 2032 in respect of the Class A2a Notes;
 - (d) the Interest Payment Date falling in December 2032 in respect of the Class A3a Notes;
 - (e) the Interest Payment Date falling in December 2032 in respect of the Class A3b Notes;
 - (f) the Interest Payment Date falling in December 2032 in respect of the Class AZa Notes;
 - (g) the Interest Payment Date falling in December 2040 in respect of the Class M1a Notes;
 - (h) the Interest Payment Date falling in December 2040 in respect of the Class M1b Notes;
 - (i) the Interest Payment Date falling in December 2040 in respect of the Class M2a Notes;
 - (j) the Interest Payment Date falling in December 2040 in respect of the Class M2b Notes;
 - (k) the Interest Payment Date falling in December 2040 in respect of the Class B1a Notes;
 - (l) the Interest Payment Date falling in December 2040 in respect of the Class B1b Notes; and
 - (m) the Interest Payment Date falling in December 2040 in respect of the Class B2a Notes;
- (9) **Principal Repayment Due Amount**
in relation to each Note in such Class shall be from (and including) the Principal Repayment Final Maturity Date, the Note Principal Amount Outstanding of that Note; and at any other time shall be zero;

- (10) **Principal Early Repayment Date**
in relation to a Class of Notes in the Series, the date upon which all Notes in such Class become due to be redeemed in full under Note Standard Conditions 6.2 *Redemption for taxation and other reasons*, or 6.3 *Full redemption at the option of the Issuer*;
- (11) **Principal Repayment Limit**
at any time in relation to a Class of Notes in the Series, the Note Principal Amount Outstanding in respect of that Class at that time; and
- (12) **Principal Repayment Calculation Agent**
shall be the Series Note Calculation Agent.
- 4.2 **Note Event Of Default Additional Events**
None.
- 4.3 **Note Tax Redemption Additional Event**
None.
- 4.4 **Note Tax Redemption Conditions**
All (but not some only) of the Notes in the Series have been redeemed, together with all accrued interest on such Notes, in full on or before the relevant Interest Payment Date or Principal Repayment Date.
- 4.5 **Note Optional Redemption Permitted**
Applicable.
- 4.6 **Note Optional Redemption Conditions**
The proposed date of redemption is an Interest Payment Date or Principal Repayment Date in relation to the Notes in the Series which are to be redeemed and:
- (1) no Series Note Acceleration Date has occurred in relation to any Notes in the Series and no Series Waterfall Assets Realisation Date has occurred in each case on or before that Interest Payment Date or Principal Repayment Date; and
 - (2) the Issuer will be in a position on that Interest Payment Date or Principal Repayment Date to discharge (and so certifies in writing to the Series Note Trustee):
 - (a) all its accrued liabilities in respect of each Class of Notes in the Series to be redeemed by it on that Interest Payment Date or Principal Repayment Date (including, in each case, all accrued interest outstanding); and
 - (b) all amounts required under the Security Deed or Security Intercreditor Deed to be paid in priority to or *pari passu* with those liabilities; and
 - (3) on that Interest Payment Date or Principal Repayment Date the aggregate GBP Equivalent Note Principal Amount Outstanding of all of the Notes in the Series is less than GBP 55,684,020; and
 - (4) all (but not some only) of the Notes in the Series have been or will be redeemed, together with all accrued interest on such Notes, in full on or before the relevant Interest Payment Date or Principal Repayment Date.
- 4.7 **Note Optional Redemption Amount**
In respect of the Notes to be redeemed on the relevant Interest Payment Date or Principal Repayment Date, the Note Principal Amount Outstanding of such Notes on that Interest Payment Date or Principal Repayment Date plus all other accrued and unpaid liabilities in respect of such Notes on that Interest Payment Date or Principal Repayment Date (including, in each case, all accrued interest outstanding).
- 4.8 **Note Partial Redemption Permitted**
Not Applicable.
- 4.9 **Note Partial Redemption Conditions**
Not Applicable.
- 4.10 **Note Partial Redemption Amount**
Not Applicable.
- 4.11 **Issuer Note Purchases Permitted**
Not Applicable.

SERIES SPECIFIC PROVISIONS

The following are the Series Specific Provisions relating to the Series 2007-01 Notes:

1. Series Portfolio

1.1 Series Portfolio Purchase Agreement

The Series Portfolio Purchase Agreement dated on or about the Note Issue Closing Date between the Series Portfolio Seller, the Series Portfolio Servicer, the Security Trustee and the Issuer.

1.2 Series Portfolio Seller

Basinghall Finance PLC whose registered office is at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

1.3 Series Portfolio Originator

GMAC-RFC Limited ("**GMAC-RFC**") whose registered office is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ.

1.4 Series Portfolio Previous Owner

North Yorkshire Mortgages Limited whose registered office is at Prospect House, PO Box 6, Lake View, Eastfield, Scarborough, North Yorkshire YO11 3WZ.

1.5 Series Portfolio Previous Purchase Agreement

Each of:

- (1) the Portfolio Purchase Agreement dated 31 July 2006 between the Series Portfolio Previous Owner, Scarborough Building Society and the Series Portfolio Seller; and
- (2) the Portfolio Purchase Agreement dated 30 November 2006 between the Series Portfolio Previous Owner, Scarborough Building Society and the Series Portfolio Seller.

1.6 Series Portfolio Legal Title Holder

Basinghall Finance PLC whose registered office is at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA, in respect of each Mortgage in the Series Portfolio.

1.7 Scottish Mortgage Trust Deed

Not Applicable.

1.8 Series Portfolio Purchase Initial Consideration

Approximately GBP 536,296,015 payable on the Note Issue Closing Date.

1.9 Series Portfolio Purchase Deferred Consideration

The aggregate of:

- (1) an amount equal to each amount received by the Issuer in respect of Mortgage Prepayment Charges under the Mortgages in the Series Portfolio payable upon written receipt of a written request from the Series Portfolio Seller from time to time; and
- (2) on each Distribution Date in relation to the Series, the amount allocated to the Series Portfolio Seller at Level 24 of the Series Revenue Waterfall or, as applicable, Level 17 of the Series Realisation Waterfall (the "**Series Portfolio Purchase Deferred Residual Consideration**").

1.10 Series Notes Under-collateralisation

Not Applicable.

1.11 Series Portfolio Warranty Date

The Note Issue Closing Date in relation to the Series Portfolio Warranties given under the Series Portfolio Purchase Agreement.

1.12 Series Portfolio Warranty Guarantor

Not Applicable.

1.13 English Mortgages

Applicable

- 1.14 **Scottish Mortgages**
Not Applicable.
- 1.15 **Northern Irish Mortgages**
Not Applicable.
- 1.16 **Corporate Mortgages**
Not Applicable.
- 1.17 **Corporate Mortgagor Jurisdiction**
Not Applicable.
- 1.18 **Non-Conforming Mortgages**
Applicable.
- 1.19 **Self-Certified Mortgages**
Applicable.
- 1.20 **Owner Occupied Mortgages**
Applicable.
- 1.21 **Investment Home Mortgages**
Applicable.
- 1.22 **Right To Buy Mortgages**
Not Applicable.
- 1.23 **Mortgage Amortising Loans**
Applicable.
- 1.24 **Mortgage Non-Amortising Loans**
Applicable.
- 1.25 **Mortgage Prepayment Charges**
Applicable.
- 1.26 **Mortgage Variable Rate Loans**
Applicable (see *Interest rate setting in relation to certain Series Portfolio Mortgages* on page S-68).
- 1.27 **Mortgage Restricted Rate Loans**
Applicable.
- 1.28 **Mortgage Fixed Rate Loans**
Applicable.
- 1.29 **Mortgage Capped Rate Loans**
Not Applicable.
- 1.30 **Mortgage Tracker Rate Loans**
Applicable.
- 1.31 **Mortgage Tracker Rates**
- (1) The Bank of England repo rate (as determined under the applicable Mortgage Conditions or, in relation to some Mortgages, under the Series Portfolio Purchase Agreement).
 - (2) The three month London inter-bank offered rate (as determined under the applicable Mortgage Conditions or, in relation to some Mortgages, under the Series Portfolio Purchase Agreement).
- 1.32 **Mortgage Discount Rate Loans**
Applicable.
- 1.33 **Mortgage Restricted Rate Conversion**
Applicable.
- 1.34 **Arrears Mortgages**
Applicable.
- 1.35 **Mortgage Type Conversion**
Applicable.

1.36 **Mortgage Type Conversion Conditions**

- (1) Where S&P or Fitch are then a Series Note Rating Agency and such Series Note Rating Agency has given notice in writing to the Issuer (copied by the Issuer to the Security Trustee and the Series Note Trustee) that it wishes to provide a written confirmation to the Issuer as to whether the then current ratings of the Notes (if any) in the Series which then remain outstanding will not be downgraded, withdrawn or qualified as a result of the relevant Mortgage Type Conversion (or as otherwise agreed by the Series Special Servicer and those Series Note Rating Agencies), then such Series Note Rating Agency has provided such a written confirmation (copied by the Issuer to the Security Trustee and the Series Note Trustee);
- (2) no Mortgage Loan relating to the relevant Mortgage Type Conversion and no agreement to make any such Mortgage Type Conversion will result in a breach of the Financial Services and Markets Act 2000 by the Issuer, the Series Portfolio Seller, the Series Portfolio Servicer or the Series Special Servicer;
- (3) all the Series Portfolio Warranties applicable to the relevant Mortgage relating to the relevant Mortgage Type Conversion are correct in relation to that Mortgage upon such Mortgage Type Conversion;
- (4) the Mortgage Loan relating to the relevant Mortgage Type Conversion will have at least the same priority and ranking as it had prior to such Mortgage Type Conversion;
- (5) following the time of making of the relevant Mortgage Type Conversion, the aggregate of the Mortgage Principal Balances (as at that time) of the Mortgages in the Series Portfolio in respect of which a Mortgage Type Conversion has occurred in the period since the day which is 12 months before the then most recent Series Portfolio Data Date will not exceed 10% of the aggregate of the Principal Balances (as at such Series Portfolio Data Date) of the Mortgages in the Series Portfolio;
- (6) there is no material difference, as regards compliance with applicable legal and/or regulatory requirements (including, without limitation, the CCA, FSMA and the Unfair Terms Legislation), which would result in a worse position for the lender between the Mortgage relating to the relevant Mortgage Type Conversion and a comparable Mortgage which is in, as at the Note Issue Closing Date, the Series Portfolio; and
- (7) each of the conditions set out under the heading *Common requirements for Mortgage changes* in these Series Specific Provisions (on page S-17) is satisfied in respect of the the relevant Mortgage Type Conversion.

"**Series Portfolio Data Date**" means at any time the last day of the calendar month before the then most recent Distribution Calculation Date in relation to the Series.

1.37 **Borrower Buildings Insurance Tied Policies**

Not Applicable.

1.38 **Borrower Buildings Insurance Untied Policies**

All Borrower Buildings Insurance Untied Policies in respect of Mortgages included in the Series Portfolio:

- (1) to the extent that the Issuer is an insured under or its interest as mortgagee is noted on such policies in respect of Mortgages included in the Series Portfolio; and
- (2) to the extent that interests in such policies are assigned to the Issuer by the Series Portfolio Seller pursuant to the Series Portfolio Purchase Agreement.

1.39 **Borrower Insurance Other Policy**

Not Applicable.

1.40 **Borrower Insurance Other Policy Cover**

Not Applicable.

1.41 **Mortgagee Buildings Insurance Untied Policy**

Each of the following policies, each being arranged and underwritten by Legal & General Insurance Limited of Temple Court, 11 Queen Victoria Street, London EC4N 4TP:

- (1) the Freedom of Agency policy number BM MLU 30000549, which provides some cover to the mortgagee for damage to Mortgage Properties where the Borrower Buildings Insurance Untied Policy

(if any) will not cover the damage and to the extent that such damage occurs during a period prior to such damage being covered by the Lender's Financial Interest Only Policy referred to below; and

- (2) the Properties In Possession policy number 30000551, which provides some cover to the mortgagee for damage to Mortgage Properties where the Borrower Buildings Insurance Untied Policy (if any) will not cover the damage and to the extent that such damage occurs during a period in which the relevant Mortgage Property has been taken into possession by the mortgagee;

(and all insurance cover issued or provided pursuant thereto as amended, endorsed, supplemented from time to time) in each case to the extent that the Issuer is an insured under or its interest as mortgagee is noted on such policy in respect of Mortgages included in the Series Portfolio; and to the extent that interests in such policy are assigned to the Issuer by the Series Portfolio Seller pursuant to the Series Portfolio Purchase Agreement.

1.42 **Mortgagee Insurance Other Policy**

Each of the following policies:

- (1) the Financial Interest Only policy, policy number BM MLU 30000550 (the "**Financial Interest Only Policy**"), issued by Legal & General Insurance Limited; and
- (2) each title insurance policy, having policy terms reference number AXA 11/01 (each an "**Express Completion Insurance Policy**"), issued by AXA Insurance (UK) plc (the "**Express Completion Insurer**") whose registered office is at 5 Old Broad Street, London EC2N 1AD (acting by its agent London & European Title Insurance Services Limited, 3rd Floor, 5-10 Bury Street, London EC3A 5AT) to the Series Portfolio Seller in relation to an Express Completion Mortgage,

(and all insurance cover issued or provided pursuant thereto as amended, endorsed, supplemented from time to time) to the extent that the Issuer is an insured under or its interest as mortgagee is noted on such policy in respect of Mortgages included in the Series Portfolio and/or to the extent that interests in such policy are assigned to the Issuer by the Series Portfolio Seller pursuant to the Series Portfolio Purchase Agreement.

1.43 **Mortgagee Insurance Other Policy Cover**

- (1) The Financial Interest Only Policy provides some cover to the mortgagee for damage to Mortgage Properties where the Borrower has been unable to arrange insurance under a Borrower Buildings Insurance Untied Policy and such damage occurs during a period prior to such damage being covered by the Properties in Possession Policy referred to above.
- (2) The terms of each Express Completion Insurance Policy state that the Express Completion Insurer shall provide cover for losses of principal and interest (up to a specified limit) arising in respect of the insured risks stated in such Express Completion Insurance Policy (being a range of potential legal defects which may exist or occur in relation to the Borrower's title to the Mortgage Property and the validity of the Mortgage) subject to specified exclusions and the terms and conditions of such Express Completion Insurance Policy (including, in particular, compliance with specified tasks by the solicitors or licensed conveyancers acting for the Series Portfolio Originator in relation to that Express Completion Mortgage).

1.44 **Mortgage Further Purchases**

Applicable.

1.45 **Mortgage Further Purchase Requirements**

- (1) The relevant Borrower is not in material breach of its obligations in relation to the Mortgage relating to the relevant Mortgage Further Purchase;
- (2) the Series Portfolio Seller is not in breach of any obligation on its part to repurchase any Mortgage under the Series Portfolio Purchase Agreement;
- (3) the amount of the initial cash consideration payable in respect of the relevant Mortgage Further Purchase plus the aggregate amount of Mortgage Further Advances to be made on the same date as completion of such Mortgage Further Purchase does not exceed the amount then standing to the credit of the Series Principal Ledger;
- (4) at the time of completion of the Mortgage Further Purchase the relevant Borrower is not in arrears in respect of the relevant Mortgage and such Borrower has made payments in respect of such Mortgage which exceed at least one Mortgage Monthly Payment which has become due in respect of the relevant Mortgage;

- (5) all conditions set out in the Series Portfolio Purchase Agreement relating to the sale and purchase of the Mortgage to be purchased pursuant to the relevant Mortgage Further Purchase will be satisfied (including the representations and warranties given by the Series Portfolio Seller in relation to that Mortgage under the Series Portfolio Purchase Agreement) ; and
- (6) each of the conditions set out under the heading *Common requirements for Mortgage changes* in these Series Specific Provisions (on page S-17) is satisfied in respect of the relevant Mortgage Further Purchase.

1.46 Mortgage Mandatory Further Advances

Not Applicable.

1.47 Mortgage Discretionary Further Advances

Applicable.

1.48 Mortgage Further Advance Requirements

- (1) The relevant Borrower is not in material breach of its obligations in relation to the Mortgage relating to the relevant Mortgage Further Advance;
- (2) the Series Portfolio Seller is not in breach of any obligation on its part to repurchase any Mortgage under the Series Portfolio Purchase Agreement;
- (3) the amount of the Mortgage Further Advance does not exceed the amount then standing to the credit of the Series Principal Ledger;
- (4) either no mortgage or charge is held by a person other than the Issuer in relation to the relevant Mortgage Property or, where such a mortgage or charge exists, either the holder has entered into a deed under which the ranking of such mortgage or charge is postponed to the Mortgage Property Security which secures or will secure the relevant Mortgage Further Advance or such mortgage or charge will be fully redeemed upon the relevant Mortgage Further Advance being made;
- (5) the relevant Mortgage Further Advance and each Mortgage Loan in respect of the Mortgage are included in the Series Portfolio of the Series (and, without limitation, not in any Series Portfolio relating to a different Series);
- (6) the proposed Mortgage Further Advance will have at least the same priority and ranking as each other Mortgage Loan which is secured by the same Mortgage;
- (7) there is no material difference, as regards compliance with applicable legal and/or regulatory requirements (including, without limitation, the CCA, FSMA and the Unfair Terms Legislation), which would result in a worse position for the lender between the Mortgage Further Advance and a comparable Mortgage which is in, as at the Note Issue Closing Date, the Series Portfolio; and
- (8) each of the conditions set out under the heading *Common requirements for Mortgage changes* in these Series Specific Provisions (on page S-17) is satisfied in respect of the relevant Mortgage Further Advance.

1.49 Common requirements for Mortgage changes

- (1) The aggregate of amounts which as at the then most recent Series Portfolio Data Date are 3 months or more in arrears in relation to Mortgages in the Series Portfolio does not exceed 17% of the aggregate Current Balance as at such Series Portfolio Data Date of all Mortgages in the Series Portfolio, provided that such figure of 17% may be increased from time to time upon S&P and Fitch providing written confirmation to the Issuer (copied by the Issuer to the Series Note Trustee) that the then current ratings of the Notes (if any) in the Series which then remain outstanding will not be downgraded, withdrawn or qualified as a result of the relevant increase (or as otherwise agreed by the Series Special Servicer and S&P and Fitch);
- (2) the Mortgage Further Advance or the Mortgage relating to the relevant Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) conforms to the applicable Lending Criteria (including, without limitation, as regards permitted product type and characteristics) as applied to any Mortgage which is in, as at the Note Issue Closing Date, the Series Portfolio or other Lending Criteria (including, without limitation, as regards permitted product type and characteristics) (provided that S&P and Fitch have provided written confirmation to the Issuer (copied by the Issuer to the Series Note Trustee) that the then current ratings of the Notes (if any) in the Series which then remain outstanding will not be downgraded, withdrawn or qualified as a result of the application of such other Lending Criteria);

- (3) the relevant Borrower has not been in arrears in relation to the relevant Mortgage at any time during the period of three months ending on the date upon which the proposed Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) is to be made or to occur;
- (4) the provisions of the CCA are satisfied (so far as they are applicable to the relevant Mortgage Further Advance, Mortgage Further Purchase, Mortgage Type Conversion (as the case may be) and the original Mortgage Loan);
- (5) no Series Note Acceleration Date has occurred in relation to any Notes in the Series and no Series Waterfall Assets Realisation Date has occurred in relation to the Series or, in the case of the relevant Mortgage Further Purchase, any other Series;
- (6) the weighted average (such weighting being by Current Balances) long-term reversionary interest rate of the proposed Mortgage Further Advances, Mortgage Further Purchases or Mortgage Type Conversions (as the case may be) is not less than the then prevailing Bank of England Repo rate plus 1.80%;
- (7) the final scheduled due date for full repayment of the relevant Mortgage Further Advance or the Mortgage relating to the relevant Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) is not after the date which is two years prior to the Principal Repayment Final Maturity Date in respect of the Class B2a Notes;
- (8) the making of the proposed Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) will not cause the aggregate amount of Mortgage Further Advances, the Mortgage Principal Balances of Mortgage Further Purchases and the Mortgage Principal Balances of Mortgage Loans in respect of which Mortgage Type Conversions have occurred on or after the Note Issue Closing Date in respect of Mortgages in the Series Portfolio to exceed 10% of the aggregate Mortgage Principal Balance in respect of the Mortgages included in the Series Portfolio as at the Note Issue Closing Date;
- (9) there is no positive balance on the Series Principal Deficiency Record;
- (10) the average of the Mortgage Principal Balances in respect of the Mortgages included in the Series Portfolio will not, as a result of the making of such Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion (as the case may be and, for the avoidance of doubt, including each other Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion, if any, which is being made on the same day), exceed by more than 1.00% the average of the Mortgage Principal Balances in respect of the Mortgages included in the Series Portfolio as at the then most recent Series Portfolio Data Date;
- (11) following the making of the Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) on a day, other than a Distribution Calculation Date, the product of the "WAFF" (being the weighted average foreclosure frequency as calculated using a deterministic financial model supplied to the Series Special Servicer by S&P and Fitch) and the "WALS" (being the weighted average loss severity as calculated using a deterministic financial models supplied to the Series Special Servicer by S&P and Fitch) for the Series Portfolio calculated on the immediately preceding Distribution Calculation Date in the same way as for the Series Portfolio as at the Note Issue Closing Date (or as agreed by the Special Servicer and S&P and Fitch from time to time) would not exceed the product of the WAFF and WALS calculated on the Note Issue Closing Date in respect of the Series Portfolio as at such Note Issue Closing Date plus 0.25%, provided that such figure of 0.25% may be increased from time to time upon S&P and Fitch providing written confirmation to the Issuer (copied by the Issuer to the Series Note Trustee) that the then current ratings of the Notes (if any) in the Series which then remain outstanding will not be downgraded, withdrawn or qualified as a result of the relevant increase (or as otherwise agreed by the Series Special Servicer and S&P and Fitch);
- (12) the Mortgage Further Advance, Mortgage Further Purchase or Mortgage Type Conversion (as the case may be) is made on the terms of the applicable pro forma mortgage documentation then in use by the Issuer or the Series Special Servicer except, in each case, to such exceptions that would be agreed, done or made (on the basis of the particular facts and circumstances) on a case by case exceptional basis by a Prudent Residential Mortgage Lender (provided that such terms are not materially different in any material respect from such terms as are in such use at the Note Issue Closing Date except for

differences required to comply with applicable legal and/or regulatory requirements or differences that would be agreed by a Prudent Residential Mortgage Lender); and

- (13) notwithstanding the conditions of 1.48(1) to 1.48(8) inclusive and 1.49(1) to 1.49(12) inclusive, where a commitment has been made by either the Issuer or the Series Portfolio Legal Title Holder or the Series Special Servicer to a Borrower whose Mortgage is in the Series Portfolio in relation to a Mortgage Further Advance or Mortgage Type Conversion then the requirements of 1.48(1) to 1.48(8) inclusive and 1.49(1) to 1.49(12) inclusive shall not be required as long as such conditions were satisfied at the time the commitment was made.

1.50 Mortgage Retention Advance Amount

GBP 0.

1.51 Flexible Mortgages

Not Applicable.

1.52 Flexible Mortgage Commitment Fee Feature

Not Applicable.

1.53 Flexible Drawing Scheduled Available Amount

Not Applicable.

1.54 Flexible Mortgage Commitment Fee Minimum Rate

Not Applicable.

2. Series Portfolio Services Aspects

2.1 Series Portfolio Servicer

Specialist Mortgage Services Limited, whose registered office and principal place of business is at Prospect House, PO Box 6, Lake View, Eastfield, Scarborough, North Yorkshire YO11 3WZ.

2.2 Series Portfolio Services Agreement

The Series Portfolio Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Portfolio Servicer, the Series Special Servicer, the Series Treasurer and the Security Trustee.

2.3 Series Portfolio Servicer Senior Fees

In respect of the Series Portfolio Services Agreement, the Issuer will pay a senior servicing fee (which shall be inclusive of value added tax except to the extent that value added tax on such fee is payable as Series Portfolio Servicer Subordinated Fee) ("**Series Portfolio Servicer Senior Fee**") to the Series Portfolio Servicer on the basis that such fee shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 2. *Standard Fee Liability Provisions* of the Standard Liability Provisions, and for such purpose:

- (1) **Fee Liability** means the Issuer's liability in respect of such senior servicing fee;
- (2) **Fee Scheduled Charging Balance** means the aggregate principal amount outstanding on the Mortgage Loans in the Series Portfolio at the end of business on the last Series Portfolio Data Date in the relevant Fee Accrual Period and the then most recent Series Portfolio Data Date prior to the start of that Fee Accrual Period (or, in the case of the first such Fee Accrual Period, the Note Issue Closing Date), divided by two;
- (3) **Fee Payment Date** means each Distribution Date in relation to the Series;
- (4) **Fee Payment Period** means the period beginning on (and including) the Fee Start Date in relation to that Fee Liability and ending on (but excluding) the first Fee Payment Date in relation to that Fee Liability to occur after such Fee Start Date and each successive period beginning on a Fee Payment Date in relation to that Fee Liability and ending on (but excluding) the next succeeding Fee Payment Date in relation to that Fee Liability;
- (5) **Fee Rate** means in relation to any Fee Accrual Period relating to that Fee Liability, 0.09%, per annum (inclusive of value added tax);
- (6) **Fee Maximum** is Not Applicable;
- (7) **Fee Minimum** is Not Applicable;
- (8) **Fee Start Date** means the Note Issue Closing Date;

- (9) **Fee Scheduled Start Date** means the Note Issue Closing Date;
- (10) **Fee Accelerated Start Additional Date** is Not Applicable;
- (11) **Fee Deferral** is Not Applicable;
- (12) **Fee Saving** is Not Applicable;
- (13) **Fee Saving Start Date** is Not Applicable;
- (14) **Business Day Convention** is Modified Following Business Day Convention;
- (15) **Day Count Fraction** is Actual/365;
- (16) **Fee Calculation Agent** means the Series Treasurer; and
- (17) **Fee Creditor Representative** means the Series Portfolio Servicer.

2.4 **Series Portfolio Servicer Subordinated Fee**

In respect of the Series Portfolio Services Agreement, the Issuer will pay a subordinated servicing fee ("**Series Portfolio Servicer Subordinated Fee**") on each Distribution Date in relation to the Series equal to the amount (if any) of value added tax which is:

- (1) properly chargeable in respect of the Series Portfolio Servicer Senior Fee as a result of any change in (or in the interpretation, administration or application of) any law or regulation made after the date of the relevant Series Portfolio Services Agreement; and
- (2) which is shown in a valid value added tax invoice that has been delivered to and is payable by the Issuer;

provided that if the amount allocated to such fee (including amounts of such fee which have been deferred and remain unpaid) on such Distribution Date is less than the full amount payable in respect of such fee, such fee shall, to the extent of that shortfall, be deferred until the next Distribution Date.

2.5 **Series Portfolio Servicer Replacement Feature**

- (1) Not Applicable, for the period (the "**Series Portfolio Servicer Replacement Not Applicable Period**") from (and including) the Note Issue Closing Date to (but excluding) the date of appointment of a Series Portfolio Servicer Replacement in accordance with the Series Special Services Agreement (the "**Series Portfolio Servicer Replacement Appointment Date**"); and
- (2) Applicable from (and including) the Series Portfolio Servicer Replacement Appointment Date.

2.6 **Series Portfolio Servicer Replacement**

- (1) Not Applicable, for the Series Portfolio Servicer Replacement Not Applicable Period; and
- (2) from and after the Series Portfolio Servicer Replacement Appointment Date, the entity appointed as Series Portfolio Servicer Replacement pursuant to the Series Special Services Agreement.

2.7 **Series Portfolio Servicer Replacement Agreement**

- (1) Not Applicable, for the Series Portfolio Servicer Replacement Not Applicable Period; and
- (2) from and after the Series Portfolio Servicer Replacement Appointment Date, the Series Portfolio Servicer Replacement Agreement entered into on or about the Series Portfolio Servicer Replacement Appointment Date between the Issuer, the Series Portfolio Servicer Replacement, the Series Portfolio Servicer, the Series Special Servicer, the Series Treasurer and the Security Trustee.

2.8 **Series Portfolio Servicer Replacement Fee**

- (1) Not Applicable, for the Series Portfolio Servicer Replacement Not Applicable Period; and
- (2) from and after the Series Portfolio Servicer Replacement Appointment Date, a commitment fee (inclusive of value added tax) ("**Series Portfolio Servicer Replacement Fee**") (if any) payable by the Issuer to the Series Portfolio Servicer Replacement as agreed pursuant to the relevant Series Portfolio Servicer Replacement Agreement.

2.9 **Series Portfolio Servicer Replacement Appointment Event**

Under the Series Special Services Agreement, upon the occurrence of a Series Portfolio Servicer Replacement Appointment Event, the Series Portfolio Servicer (in the case of a Series Portfolio Servicer Replacement Appointment Event relating to the Series Portfolio Servicer) and the Series Special Servicer

(in the case of a Series Portfolio Servicer Replacement Appointment Event relating to the Series Special Servicer) shall give notice thereof to the Issuer, the Security Trustee and the Series Note Rating Agencies.

The Issuer (in consultation with the Security Trustee) shall use its reasonable endeavours to appoint, on or before the 90th Business Day after receipt by the Issuer of such notice (or such longer period as the then current Series Note Rating Agencies may agree), a Series Portfolio Servicer Replacement who enters into an agreement substantially on the same terms as the relevant provisions of the Clavis Securities Standard Series Portfolio Replacement Services Document – Edition 1 dated 14 June 2006 (as amended, restated, supplemented or otherwise modified or replaced and in effect from time to time) or on such other terms as are approved by the Issuer and the Security Trustee;

The Security Trustee shall have no liability to any person in the event that the Issuer is unable to appoint a Series Portfolio Servicer Replacement.

For such purpose:

"Control" means, in respect of an entity, control of:

- (1) the largest holding of the voting rights attaching to the share capital of that entity; or
- (2) the largest holding of the issued share capital of that entity.

"Series Portfolio Servicer Replacement Appointment Event" means the first day following the Note Issue Closing Date upon which any of the following occurs:

- (1) a Series Portfolio Servicer Rating Event; or
- (2) a Series Special Servicer Control Event.

"Series Portfolio Servicer Rating Event" means the first day following the Note Issue Closing Date upon which each of the following are true:

- (1) the Series Portfolio Servicer ceases to have servicer ratings from Fitch in respect of its residential primary ratings equal to or better than "RPS2-(minus)(Prime)(UK)" and "RPS2-(minus)(sub-prime)(UK)";
- (2) on the date of such cessation there were Notes outstanding in respect of the Current Series which are at the relevant time rated by Fitch;
- (3) the period from (and including) the date of such cessation to (and including) the 90th Business Day following the date of such cessation has expired; and
- (4) on or before expiry of that period the Security Trustee has not received a copy from the Issuer of a written confirmation from Fitch that such ratings by Fitch will not be downgraded, withdrawn or qualified as a result only of the Issuer not procuring the appointment of a Series Portfolio Servicer Replacement.

"Series Special Servicer Control Event" means the first day following the Note Issue Closing Date upon which each of the following are true:

- (1) WestLB AG has ceased to have Control of the Series Special Servicer;
- (2) on the date of such cessation there were Notes outstanding in respect of the Current Series which are at the relevant time rated by Moody's;
- (3) the period from (and including) the date of such cessation to (and including) the 90th Business Day following the date of such cessation has expired; and
- (4) both:
 - (a) at no time during that period no entity having Control of the Series Special Servicer has a Short Term Rating of P-1 by Moody's; and
 - (b) on or before expiry of that period the Security Trustee has not received a copy from the Issuer of a written confirmation from Moody's that such ratings by Moody's will not be downgraded, withdrawn or qualified as a result only of the Issuer not procuring the appointment of a Series Portfolio Servicer Replacement.

2.10 **Series Special Servicer Feature**

Applicable.

2.11 **Series Special Servicer**

Basinghall Finance PLC of Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

2.12 **Series Special Services Agreement**

The Series Special Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Special Servicer, the Series Portfolio Servicer, the Series Treasurer and the Security Trustee.

2.13 **Series Special Servicer Fee**

In respect of the Series Special Services Agreement, the Issuer will pay a servicing fee (inclusive of value added tax) ("**Series Special Servicer Fee**") to the Series Special Servicer on the basis that such fee shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 2. *Standard Fee Liability Provisions* of the Standard Liability Provisions, and for such purpose:

- (1) **Fee Liability** means the Issuer's liability in respect of such servicing fee;
- (2) **Fee Rate** means in relation to any Fee Accrual Period relating to that Fee Liability, 0.025%, per annum (inclusive of value added tax); and
- (3) **Fee Creditor Representative** means the Series Special Servicer;

and in all other respects such *Standard Fee Liability Provisions* shall apply to such Fee Liability in the same manner as they are expressed to apply to the Issuer's Fee Liability in respect of the Series Portfolio Servicer Senior Fee (regardless of whether any Series Portfolio Servicer Senior Fee is accruing at the relevant time).

2.14 **Series Special Additional Services**

Not Applicable.

3. **Series Treasury Services Aspects**

3.1 **Series Treasurer**

Basinghall Finance PLC of Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

3.2 **Series Treasury Services Agreement**

The Series Treasury Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Treasurer, the Series Treasurer and the Security Trustee.

3.3 **Series Treasurer Fee**

In respect of the Series Treasury Services Agreement, the Issuer will pay a fee (inclusive of value added tax) ("**Series Treasurer Fee**") to the Series Treasurer on the basis that such fee shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 2. *Standard Fee Liability Provisions* of the Standard Liability Provisions, and for such purpose:

- (1) **Fee Liability** means the Issuer's liability in respect of such servicing fee;
- (2) **Fee Scheduled Charging Balance** means GBP 1 at all times;
- (3) **Fee Rate** means in relation to any Fee Accrual Period relating to that Fee Liability, GBP 10,000 per annum (inclusive of value added tax); and
- (4) **Fee Creditor Representative** means the Series Treasurer;

and in all other respects such *Standard Fee Liability Provisions* shall apply to such Fee Liability in the same manner as they are expressed to apply to the Issuer's Fee Liability in respect of the Series Portfolio Servicer Senior Fee (regardless of whether any Series Portfolio Servicer Senior Fee is accruing at the relevant time).

3.4 **Series Treasurer Replacement Feature**

Not Applicable.

3.5 **Series Treasurer Replacement**

Not Applicable.

3.6 **Series Treasurer Replacement Agreement**

Not Applicable.

3.7 **Series Treasurer Replacement Fee**

Not Applicable.

3.8 **Series Additional Ledger**

On the Note Issue Closing Date for Series 2007-01 the Series Treasurer shall establish and maintain in the Issuer's books the following further Series Ledgers:

- (1) the "**Series Reserve Discount Margin Ledger**".
- (2) the "**Series Distribution Revenue EUR Ledger**"; and
- (3) the "**Series Distribution Principal EUR Ledger**".

4. **Series Account Services Aspects**

4.1 **Series Transaction Account Provider**

HSBC Bank plc acting through its branch at 8 Canada Square, London E14 5HQ.

4.2 **Series Transaction Account Services Agreement**

The Series Transaction Account Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Transaction Account Provider, the Series Treasurer and the Security Trustee.

4.3 **Series Transaction Account Interest Rate**

0% per annum.

4.4 **Series Transaction Account**

Clavis Securities plc - Series 2007-01 Transaction Account.

4.5 **Series Investment Account Provider**

Danske Bank A/S acting through its office at 75 King William Street, London EC4N 7DT.

4.6 **Series Investment Account Services Agreement**

The Series Investment Account Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Investment Account Provider, the Series Treasurer and the Security Trustee.

4.7 **Series Investment Account Interest Rate**

- (1) At any time in respect of the Series Investment No.1 Account, the then rate of Current Note GBP Libor minus 0.19% per annum.
- (2) At any time in respect of the Series Investment No.2 Account, the then rate of Current Note GBP Libor minus 0.35% per annum.

4.8 **Series Investment Account**

Each of:

- (1) Clavis Securities plc - Series 2007-01 Investment No.1 Account (the "**Series Investment No.1 Account**"); and
- (2) Clavis Securities plc - Series 2007-01 Investment No.2 Account (the "**Series Investment No.2 Account**").

4.9 **Series Other Accounts**

None.

4.10 **Series Authorised Investments Additional Permitted Types**

None.

4.11 **Series Authorised Investments Additional Conditions**

No Series Authorised Investments may be made.

4.12 **Series Portfolio Collection Account**

| <i>Account description</i> | <i>Series Portfolio Collection Account Holder</i> | <i>Name</i> | <i>Series Portfolio Collection Account Provider Branch at which account held</i> |
|---|---|---------------|--|
| Collection account for Borrower related payments in respect of the Series Portfolio | Basinghall Finance PLC | HSBC Bank plc | 33 St Nicholas Street, Scarborough, North Yorkshire YO11 2HN |

4.13 Series Portfolio Collection Account Protection Document

- (1) The Series Portfolio Collection Account Trust Deed dated the Note Issue Closing Date by the Series Portfolio Seller in favour of the Issuer;
- (2) the Series Portfolio Collection Account Services Agreement dated the Note Issue Closing Date between the Series Portfolio Seller, the Issuer, the Security Trustee, the Series Treasurer and the Series Portfolio Collection Account Provider (regarding the operation of each Series Portfolio Collection Account); and
- (3) the Series Portfolio Purchase Agreement.

4.14 Series Portfolio Collection Account Termination Additional Event

Not Applicable.

5. Series Note Trustee Aspects

5.1 Series Note Trustee

HSBC Trustee (C.I.) Limited of PO Box 88, 1 Grenville Street, St Helier, Jersey JE4 9PF, Channel Islands.

5.2 Series Note Trustee Specified Office

PO Box 88, 1 Grenville Street, St Helier, Jersey JE4 9PF, Channel Islands.

5.3 Series Note Trust Deed

The Series Note Trust Deed dated on or about the Note Issue Closing Date between the Issuer, the Series Note Trustee and the Security Trustee.

5.4 Series Note Trustee Fee

The Issuer will pay a fee (inclusive of value added tax) ("**Series Note Trustee Fee**") to the Series Note Trustee at the rate and on the terms pursuant to the Series Note Trust Deed.

6. Series Note Services Aspects

6.1 Series Note Services Agreement

The Series Note Services Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Note Registrar, the Series Note Calculation Agent, the Series Note Trustee, the Series Treasurer and the Security Trustee.

6.2 Series Note Registrar

HSBC Bank plc of 8 Canada Square, London E14 5HQ.

6.3 Series Note Registrar Specified Office

8 Canada Square, London E14 5HQ.

6.4 Series Note Registrar Fee

The Issuer will pay a fee (inclusive of value added tax) ("**Series Note Registrar Fee**") to the Series Note Registrar at the rate and on the terms pursuant to the Series Note Services Agreement.

6.5 Series Note Calculation Agent

HSBC Bank plc of 8 Canada Square, London E14 5HQ.

6.6 Series Note Calculation Agent Specified Office

8 Canada Square, London E14 5HQ.

6.7 Series Note Calculation Agent Fee

The Issuer will pay a fee (inclusive of value added tax) ("**Series Note Calculation Agent Fee**") to the Series Note Calculation Agent at the rate and on the terms pursuant to the Series Note Services Agreement.

7. Series Additional Services Aspects

7.1 Series Additional Services Agreement

Not Applicable.

7.2 Series Additional Servicer

Not Applicable.

7.3 Series Additional Services

Not Applicable.

7.4 Series Servicer Resignation Notice Period

12 months in relation to the Series Portfolio Servicer and 3 months in relation to any other Series Servicer.

8. Series Credit Support

8.1 Series Credit Support Documents

Series Liquidity Facility Agreement.

8.2 Series Credit Support Provider

Series Liquidity Facility Provider.

9. Series General Credit Features

9.1 Series Minimum Ratings

| Type of Series Minimum Ratings | Short Term Rating | | | Long Term Rating | | |
|---|-------------------|---------|------|------------------|---------|-----|
| | Fitch | Moody's | S&P | Fitch | Moody's | S&P |
| Series Portfolio Collection Account Provider Minimum Ratings | F1 | P-1 | A-1+ | – | Aa3 | AA- |
| Series Transaction Account Provider Minimum Ratings | F1 | P-1 | A-1+ | – | Aa3 | AA- |
| Series Investment Account Provider Minimum Ratings | F1 | P-1 | A-1+ | – | – | – |
| Series Liquidity Facility Provider Minimum Ratings | F1 | P-1 | A-1+ | – | – | – |
| Series Hedge Provider Minimum Ratings (initial) for Series Basis Hedge Providers | F1 | P-1 | A-1 | A | A2 | A+ |
| Series Hedge Provider Minimum Ratings (initial) for Series Currency Hedge Providers | F1 | P-1 | A-1+ | A | A2 | AA- |

9.2 Series Reserve Funds

- (1) Series Reserve Support Fund; and
- (2) Series Reserve Discount Margin Fund.

"Series Reserve Discount Margin Fund" means at any time the amount (if any) standing to the credit of the Series Reserve Discount Margin Ledger at that time.

9.3 Series Reserve Support Fund

Applicable.

9.4 Series Reserve Support Initial Amount

GBP 3,897,881.

9.5 Series Reserve Support Required Amount

The Series Reserve Support Required Amount shall be determined as follows:

- (1) on any day prior to the Series Reserve Support Required Amount Reduction Trigger Date, the Series Reserve Support Required Amount shall be GBP 4,733,142; and
- (2) from each Distribution Date in relation to the Series which occurs on or after the Series Reserve Support Required Amount Reduction Trigger Date, the Series Reserve Support Required Amount shall be reduced to be the amount which is the greater of:
 - (a) 2.00% of the then aggregate GBP Equivalent Note Principal Amount Outstanding of all the Notes of the Series (after giving effect to any principal repayments on the Notes on that Distribution Date); and
 - (b) GBP 2,227,361;

provided that no such reduction shall be made on such Distribution Date (without prejudice to any such reduction made on any previous Distribution Date relating to the Series) if such Distribution Date is a Series Reserve Support Required Amount Reduction Freeze Date.

"Series Reserve Support Required Amount Reduction Trigger Date" means the first date upon which the balance standing to the credit of the Series Reserve Support Ledger is equal to or greater than 2.00% of the aggregate GBP Equivalent Note Principal Amount Outstanding of all the Notes of the Series.

"Series Reserve Support Required Amount Reduction Freeze Date" means a Distribution Date relating to the Series upon which any of the following are true:

- (1) the aggregate amount of the principal losses experienced by the relevant Series Portfolio of that Series (whether or not such losses form part of the Series Principal Deficiency) as at the most recent Series Portfolio Data Date in relation to that Series is greater than 1.15% of the aggregate GBP Equivalent Note Initial Principal Amount of the Notes in the Series;
- (2) as at the most recent Series Portfolio Data Date relating to the Series, the aggregate Current Balance of Mortgage Loans which have at any time been included in the Series Portfolio in respect of which foreclosure has occurred is higher than 2.25% of the aggregate GBP Equivalent Note Initial Principal Amount of the Notes in the Series;
- (3) after applying amounts according to the Series Waterfalls on the relevant Distribution Date, the Series Reserve Support Fund is less than the Series Reserve Support Fund Required Amount;
- (4) as at the most recent Series Portfolio Data Date relating to the Series, the aggregate Current Balance of Mortgage Loans in respect of which any payment is 3 months or more in arrears is higher than 17% of the aggregate Current Balance of all Mortgage Loans in the relevant Series Portfolio as at that most recent Series Portfolio Data Date relating to the Series;
- (5) there is a positive balance on the Series Principal Deficiency Record; or
- (6) after applying amounts according to the Series Waterfalls on the relevant Distribution Date, there will be a Series Liquidity Facility Drawing outstanding.

9.6 General Security Action Fund Required Amount

- (1) At any time when there is more than one Series outstanding under the Programme, shall be the figure which is specified as the General Security Action Fund Required Amount in the Series Specific Conditions of the most recent issue of Notes under the Programme at that time or if, no such figure is so specified, shall be GBP 100,000; and
- (2) at any other time, shall be GBP 0.

10. Series Liquidity Facility

10.1 Series Liquidity Facility Feature

Applicable.

10.2 Series Liquidity Facility Agreement

The Series Liquidity Facility Agreement dated on or about the Note Issue Closing Date between the Issuer, the Series Liquidity Facility Provider, the Series Treasurer and the Security Trustee.

10.3 Series Liquidity Facility Provider

Danske Bank A/S acting through its branch at 75 King William Street, London EC4N 7DT.

10.4 Series Liquidity Facility Amount

The **"Series Liquidity Facility Amount"** shall be determined as follows:

- (1) on any day prior to the Series Liquidity Facility Amount Reduction Trigger Date, the Series Liquidity Facility Amount shall be GBP 29,234,111; and
- (2) from each Distribution Date in relation to the Series which occurs after the Series Liquidity Facility Amount Reduction Trigger Date, the Series Liquidity Facility Amount shall be reduced to be the amount which is the greater of:
 - (a) 10% of the then aggregate GBP Equivalent Note Principal Amount Outstanding of all the Notes of the Series (after giving effect to any principal repayments on the Notes on that Distribution Date); and
 - (b) GBP 5,568,402;

provided that no such reduction shall be made on such Distribution Date (without prejudice to any such reduction made on any previous Distribution Date relating to the Series) if such Distribution Date is a Series Liquidity Facility Amount Reduction Freeze Date;

provided that on the Series Liquidity Facility Final Maturity Date and at other times provided in the Series Liquidity Facility Agreement, the Series Liquidity Facility Amount shall be reduced to zero.

10.5 Series Liquidity Facility Amount definitions

"Series Liquidity Facility Amount Reduction Trigger Date" means the first date upon which the Series Liquidity Facility Amount is equal to or greater than 10% of the then aggregate GBP Equivalent Note Principal Amount Outstanding of all the Notes of the Series.

"Series Liquidity Facility Amount Reduction Freeze Date" means a Distribution Date relating to the Series upon which any of the following are true:

- (1) such Distribution Date occurs prior to the second anniversary of the Note Issue Closing Date;
- (2) the aggregate amount of the principal losses experienced by the relevant Series Portfolio of that Series (whether or not such losses form part of the Series Principal Deficiency) as at the most recent Series Portfolio Data Date in relation to that Series is greater than 1.15% of the aggregate GBP Equivalent Note Initial Principal Amount of the Notes in the Series;
- (3) after applying amounts according to the Series Waterfalls on the relevant Distribution Date, the Series Reserve Support Fund is less than the Series Reserve Support Fund Required Amount;
- (4) as at the most recent Series Portfolio Data Date relating to the Series, the aggregate Current Balance of Mortgage Loans in respect of which any payment is 3 months or more in arrears is higher than 17% of the aggregate Current Balance of all Mortgage Loans in the relevant Series Portfolio as at that most recent Series Portfolio Data Date relating to the Series;
- (5) there is a positive balance on the Series Principal Deficiency Record; or
- (6) after applying amounts according to the Series Waterfalls on the relevant Distribution Date, there will be a Series Liquidity Facility Drawing outstanding.

"Series Liquidity Facility Available Amount" means:

- (1) zero from (and including) any date upon which the Series Liquidity Facility Amount is reduced or deemed to be reduced to zero under the Series Liquidity Facility Agreement; and
- (2) at any other time, the then Series Liquidity Facility Amount less the aggregate principal amount outstanding of all Series Liquidity Facility Drawings outstanding at that time.

10.6 Series Liquidity Facility Permitted Purposes

No Series Liquidity Facility Drawing may be made under the Series Liquidity Facility Agreement which would cause the aggregate principal amount of Series Liquidity Facility Drawings then outstanding to exceed the then prevailing Series Liquidity Facility Amount.

The Issuer will be entitled from time to time on any Distribution Date relating to the Series during the then Series Liquidity Facility Available Period to make a Series Liquidity Facility Drawing, not exceeding the then Series Liquidity Facility Available Amount, for the purpose of paying amounts included in any Series Liquidity Shortfall on such Distribution Date provided that no such Series Liquidity Facility Drawing may be made:

- (1) to meet interest payments on the Class M1a Notes and the Series Currency M1b Hedge Agreement (or, if such Agreement has terminated early and not been replaced, to purchase EUR to be applied in the making of interest payments on the Class M1b Notes) if there is an Excessive M1 Series Principal Deficiency;
- (2) to meet interest payments on the Class M2a Notes and the Series Currency M2b Hedge Agreement (or, if such Agreement has terminated early and not been replaced, to purchase EUR to be applied in the making of interest payments on the Class M2b Notes) if there is an Excessive M2 Series Principal Deficiency; or
- (3) to meet interest payments on the Class B1a Notes and the Series Currency B1b Hedge Agreement (or, if such Agreement has terminated early and not been replaced, to purchase EUR to be applied in the

making of interest payments on the Class B1b Notes) if there is an Excessive B1 Series Principal Deficiency; or

- (4) to meet interest payments on the Class B2a Notes if there is an Excessive B2 Series Principal Deficiency.

Amounts repaid under the Series Liquidity Facility Agreement will be capable of being redrawn on any Distribution Date relating to the Series for the purposes and to the extent described above.

"Series Liquidity Shortfall" means in relation to the Series the amount (if any) by which the aggregate amount to be allocated on any Distribution Date to amounts at Levels 1 to 7 (inclusive), 9, 11, 13, 15 and 17 of the Series Revenue Waterfall would be less than the maximum amount that could be so allocated if sufficient funds were available.

An **"Excessive M1 Series Principal Deficiency"** will be determined on each Distribution Calculation Date and will exist if, after applying amounts according to the Series Waterfalls on the immediately following Note Interest Payment relating to any Notes in Class Tier M1, the Series Principal Deficiency M1 Record will be equal to, or greater than, 50% of the GBP Equivalent Note Initial Principal Amount of the Notes in Class Tier M1.

An **"Excessive M2 Series Principal Deficiency"** will be determined on each Distribution Calculation Date and will exist if, after applying amounts according to the Series Waterfalls on the immediately following Note Interest Payment relating to any Notes in Class Tier M2, the Series Principal Deficiency M2 Record will be equal to, or greater than, 50% of the GBP Equivalent Note Initial Principal Amount of the Notes in Class Tier M2.

An **"Excessive B1 Series Principal Deficiency"** will be determined on each Distribution Calculation Date and will exist if, after applying amounts according to the Series Waterfalls on the immediately following Note Interest Payment relating to any Notes in Class Tier B1, the Series Principal Deficiency B1 Record will be equal to, or greater than, 50% of the GBP Equivalent Note Initial Principal Amount of the Notes in Class Tier B1.

An **"Excessive B2 Series Principal Deficiency"** will be determined on each Distribution Calculation Date and will exist if, after applying amounts according to the Series Waterfalls on the immediately following Note Interest Payment relating to any Notes in Class Tier B2, the Series Principal Deficiency B2 Record will be equal to, or greater than, 40% of the GBP Equivalent Note Initial Principal Amount of the Notes in Class Tier B2.

10.7 Series Liquidity Facility Repayment Provisions

In respect of each Series Liquidity Facility Drawing, the Issuer shall repay principal on such Series Liquidity Facility Drawing on the basis that the principal repayments shall be calculated and be made in accordance with and subject to the terms of the *Standard Principal Repayment Liability Provisions* (being section 6 of the Standard Liability Provisions) and for such purpose:

- (1) **Principal Repayment Liability** means the Issuer's liability in respect of such repayment of principal on such Series Liquidity Facility Drawing;
- (2) **Principal Repayment Start Date** means the day immediately following the date on which such Series Liquidity Facility Drawing is advanced;
- (3) **Principal Repayment Date** means each Distribution Date in relation to the Series;
- (4) **Principal Repayment Deferral** shall be treated as Not Applicable from (and including) the Series Liquidity Facility Final Maturity Date but shall be treated as Applicable prior to that date;
- (5) **Principal Repayment Saving** is Not Applicable in relation to such Principal Repayment Liability;
- (6) **Principal Repayment Saving Start Date** is Not Applicable in relation to such Principal Repayment Liability;
- (7) **Principal Repayment Scheduled Date** means the first Distribution Date following the Distribution Date in respect of which such Series Liquidity Facility Drawing was advanced to the Issuer;
- (8) **Principal Repayment Final Maturity Date** means the Series Liquidity Facility Final Maturity Date;

- (9) **Principal Repayment Due Amount** in relation to such Principal Repayment Liability means from (and including) the Principal Repayment Final Maturity Date, the principal amount outstanding of that Series Liquidity Facility Drawing; and at any other time means zero;
- (10) **Principal Early Repayment Date** means the occurrence of a Series Liquidity Facility Event Of Default;
- (11) **Principal Repayment Limit** means the principal amount outstanding in respect of such Series Liquidity Facility Drawing; and
- (12) **Principal Repayment Calculation Agent** means the Series Liquidity Facility Provider.

10.8 Series Liquidity Facility Interest Provisions

In respect of each Series Liquidity Facility Drawing, the Issuer will pay interest on each such Liquidity Facility Drawing on the basis that such interest shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 1. *Standard Interest Liability Provisions* of the Standard Liability Provisions, and for such purpose:

- (1) **Interest Liability** means the Issuer's liability in respect of such interest on each such Liquidity Facility Drawing;
- (2) **Interest Scheduled Charging Balance** means the principal amount of that Series Liquidity Facility Drawing as at the start of the relevant Interest Accrual Period;
- (3) **Interest Rate** means in relation to any Interest Accrual Period relating to that Interest Liability the Interest Rate Benchmark Rate plus 0.40% plus, if any, the Associated Costs Rate (as defined in the Series Liquidity Facility Agreement);
- (4) **Interest Scheduled Start Date** means the first Distribution Date following the Distribution Date in respect of which such Series Liquidity Facility Drawing was advanced to the Issuer;
- (5) **Interest Calculation Agent** means the Series Liquidity Facility Provider; and
- (6) **Interest Creditor Representative** means the Series Liquidity Facility Provider;

and in all other respects such *Standard Interest Liability Provisions* shall apply in the same manner as they are expressed to apply to interest on the Class A1a Notes (regardless of whether any Class A1a Notes are outstanding at the relevant time).

Where a Series Liquidity Facility Collateral Drawing is outstanding, interest shall accrue on such Series Liquidity Facility Collateral Drawing at the same rate and time as interest accrues to the Issuer on such Series Liquidity Facility Collateral Drawing in respect of the Series Investment Account Services Agreement.

10.9 Series Liquidity Facility Provider Fee

In respect of the Series Liquidity Facility Agreement, the Issuer will pay a commitment fee (inclusive of value added tax) to the Series Liquidity Facility Provider on the basis that such fee shall accrue, be calculated and be paid in accordance with and subject to the terms of the provisions set out in section 2. *Standard Fee Liability Provisions* of the Standard Liability Provisions, and for such purpose:

- (1) **Fee Liability** means the Issuer's liability in respect of such fee;
- (2) **Fee Scheduled Charging Balance** means, in respect of the relevant Fee Accrual Period, the amount which is:
 - (a) the then Series Liquidity Facility Amount; less
 - (b) the aggregate principal amount of all Series Liquidity Facility Drawings then outstanding;
 in each case on the first day of such Fee Accrual Period after taking account of the application of funds pursuant to any Distribution Waterfalls due to be applied on such first day;
- (3) **Fee Rate** means in relation to any Fee Accrual Period relating to that Fee Liability, 0.18%, per annum (inclusive of value added tax); and
- (4) **Fee Creditor Representative** means the Series Liquidity Facility Provider;

and in all other respects such *Standard Fee Liability Provisions* shall apply to such Fee Liability in the same manner as they are expressed to apply to the Issuer's Fee Liability in respect of the Series Portfolio

Servicer Senior Fee (regardless of whether any Series Portfolio Servicer Senior Fee is accruing at the relevant time).

10.10 Series Liquidity Facility Provider Minimum Ratings protection

If:

- (1) at any time, the Series Liquidity Facility Provider does not have a rating from each of the then Series Note Rating Agencies in relation to that Series which is either equal to or higher than either the Long Term Rating or the Short Term Rating specified in respect of that Series Note Rating Agency in the relevant columns in the row relating to Series Liquidity Facility Provider Minimum Ratings in the table appearing under the heading *Series Minimum Ratings* in the relevant Series Specific Provisions; or
- (2) the Series Liquidity Facility Provider does not agree to renew the facility under the Series Liquidity Facility Agreement with a new Series Liquidity Facility Available Period for a further 364 days upon being requested to do so by the Issuer under and in accordance with the Series Liquidity Facility Agreement;

and, in each case, the Series Liquidity Facility is not replaced by a suitable alternative Series Liquidity Facility Agreement on or before the 30th day following the day of the Series Liquidity Facility Provider ceased to have the relevant Series Liquidity Facility Provider Minimum Rating or, in the case of a non-renewal, on or before the relevant Series Liquidity Facility Final Maturity Date such that, in each case, then current ratings of the Notes of the Series by each Series Note Rating Agency are not adversely affected, then the Issuer will forthwith draw down the entirety of the undrawn Series Liquidity Facility Available Amount and credit such drawing to the Series Investment Account (making a corresponding credit to a separate Series Credit Support Provider Cash Ledger established for such purpose, and the amount standing to the credit of such Ledger at any time being the "**Series Liquidity Facility Collateral Drawing**" and will constitute the Series Credit Support Provider Collateral in relation to the Series Liquidity Facility Agreement). In that event drawings and repayment of drawings in respect of the Series Liquidity Facility Agreement shall be by means of debits and credits to that Series Credit Support Provider Cash Ledger until such time (if any) that the Series Liquidity Facility Provider subsequently obtains the required ratings again or is replaced by a suitable Series Liquidity Facility Provider with the required ratings.

10.11 Series Liquidity Facility Period Provisions

The provisions of the Series Liquidity Facility Agreement define the period (as so defined, the "**Series Liquidity Facility Available Period**") during which the Series Liquidity Facility Provider is committed, subject to the terms of the Series Liquidity Facility Agreement, to advance amounts in respect of drawings by the Issuer under the Series Liquidity Facility Agreement (being "**Series Liquidity Facility Drawings**" and Series Liquidity Facility Collateral Drawings). At any time the Series Liquidity Facility Available Period is the period from (and including) the Note Issue Closing Date or, in relation to any renewal, the first day following the expiry of the previous Series Liquidity Facility Available Period to (and including) the earlier of:

- (1) the 363rd day after such first day of the period; and
- (2) the occurrence of a Series Liquidity Facility Event Of Default.

Each year the Issuer may request a renewal of the facility under the Series Liquidity Facility Agreement, for a further 364 days by giving written notice to the Series Liquidity Facility Provider not more than 60 days and not less than 20 days before the expiration of the then Series Liquidity Facility Available Period.

"**Series Liquidity Facility Final Maturity Date**" means the date which is the Principal Repayment Final Maturity Date in relation to the Class B2a Notes.

10.12 Series Liquidity Facility Event Of Default

The events of default specified in the Series Liquidity Facility Agreement (each a "**Series Liquidity Facility Event Of Default**") include:

- (1) failure by the Issuer to pay within 3 Business Days of the due date any amount due and payable (and not deferred) under the Series Liquidity Facility Agreement;
- (2) a Series Waterfall Assets Realisation Date or Series Note Acceleration Date occurs in relation to the Series or a Security Assets Realisation Date occurs; and
- (3) any provision of any Series Document relating to the Series or any General Document to which the Issuer is a party is or becomes, for any reason (other than insolvency, the application for the

appointment of an administrator or an administrative receiver or a liquidator, in each case, of or in relation to the Issuer), invalid or unenforceable and the result of any of the foregoing may in the opinion of the Series Liquidity Facility Provider (acting reasonably), materially and adversely affect the Issuer's ability to observe or perform its payment obligations under the Series Liquidity Facility Agreement.

After the occurrence of any such Series Liquidity Facility Event Of Default, the Series Liquidity Facility Provider may by notice to the Issuer reduce the Series Liquidity Facility Amount to zero; and/or demand that all or part of the Series Liquidity Facility Drawings then outstanding, together with accrued interest and all other amounts accrued under the Series Liquidity Facility Agreement, be immediately due and payable (in which case they shall become immediately due and payable); and/or demand that all or part of such Series Liquidity Facility Drawings be repayable on demand (in which case they will immediately become repayable on demand).

11. Series Hedge Agreements

11.1 Series Basis Hedge Agreements

Each of the following:

- (1) the ISDA Master Agreement (including the related Schedule, Credit Support Annex and Confirmation) to be entered into on or about the Note Issue Closing Date between the Series Cap Hedge Provider, the Security Trustee and the Issuer under which the Series Cap Hedge Provider enters into an interest rate cap transaction (the "**Series Cap Hedge Agreement**"); and
- (2) the "**Series Fixed Rate Hedge Agreements**", being:
 - (a) the ISDA Master Agreement (including the related Schedule, Credit Support Annex and Confirmation) to be entered into on or about the Note Issue Closing Date between the Series Fixed Rate No.1 Hedge Provider, the Security Trustee and the Issuer under which the Series Fixed Rate No.1 Hedge Provider enters into an interest rate swap transaction (the "**Series Fixed Rate No.1 Hedge Agreement**"); and
 - (b) the ISDA Master Agreement (including the related Schedule, Credit Support Annex and Confirmation) to be entered into on or about the Note Issue Closing Date between the Series Fixed Rate No.2 Hedge Provider, the Security Trustee and the Issuer under which the Series Fixed Rate No.2 Hedge Provider enters into an interest rate swap transaction (the "**Series Fixed Rate No.2 Hedge Agreement**").

11.2 Series Basis Hedge Providers

In relation to:

- (1) the Series Cap Hedge Agreement, The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (the "**Series Cap Hedge Provider**");
- (2) the Series Fixed Rate No.1 Hedge Agreement, Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the "**Series Fixed Rate No.1 Hedge Provider**"); and
- (3) the Series Fixed Rate No.2 Hedge Agreement, The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (the "**Series Fixed Rate No.2 Hedge Provider**" and together with the Series Fixed Rate No.1 Hedge Provider, the "**Series Fixed Rate Hedge Providers**").

11.3 Series Basis Hedge Summary

In relation to:

- (1) the Series Cap Hedge Agreement, see 11.4 *Series Cap Hedge Summary* below; and
- (2) the Series Fixed Rate Hedge Agreements, see 11.5 *Series Fixed Rate Hedge Summary* below.

11.4 Series Cap Hedge Summary

In order to hedge the exposure to which the Issuer would otherwise be subject in the event of certain increases of the Benchmark Rate applicable to Classes of Notes, on or about the Note Issue Closing Date the Issuer and the Series Cap Hedge Provider will enter into an interest rate cap transaction (the "**Series Cap Hedge Transaction**") under the Series Cap Hedge Agreement the terms of which will provide that, in relation to each Interest Payment Period in respect of the Class B2a Notes until the Current Note Interest Payment Period which ends in December 2011 in respect of which the then Current Note GBP Libor exceeds a rate specified in that Series Cap Hedge Transaction, the Series Cap Hedge Provider will make a

payment to the Issuer on the relevant Distribution Date at or following the end of such Interest Payment Period determined by reference to the application of a rate (which rate shall be calculated by reference to the amount by which such Current Note GBP Libor exceeds that specified rate) on a notional amount of GBP 139,210,050.

Each such payment made to the Issuer will be credited to the Series Revenue Distribution Ledger and included in the amounts allocated on the relevant Distribution Date according to the Series Revenue Waterfall or Series Realisation Waterfall.

11.5 Series Fixed Rate Hedge Summary

- (1) Some of the Mortgage Loans in the Series Portfolio are Mortgage Fixed Rate Loans. On the Note Issue Closing Date, under and pursuant to the Series Fixed Rate Hedge Agreements, the Issuer and the relevant Series Fixed Rate Hedge Provider will enter into an interest rate swap transaction (the "**Series Fixed Rate Hedge Transactions**") in respect of which the notional amount (the "**Series Fixed Rate Hedge Notional Amount**" in relation to the relevant Series Fixed Rate Hedge Transaction) shall amortise according to an amortisation schedule, as set out in the relevant Series Fixed Rate Hedge Agreement, which (on an aggregated basis in respect of each of such Series Fixed Rate Hedge Transactions) reflects the expected aggregate Current Balance of the relevant Mortgages Fixed Rate Loans during the term of such Series Fixed Rate Hedge Transactions based upon the scheduled termination dates of the relevant fixed rate periods of those Mortgage Fixed Rate Loans.
- (2) The Series Fixed Rate Hedge Transactions are intended to provide a degree of hedging in relation to the exposure of the Issuer from time to time to possible mismatches between:
 - (1) the rates at which interest is receivable from Borrowers in respect of any Mortgage Fixed Rate Loans in the Series Portfolio (i.e. Quarterly Fixed Rate Mortgage Interest, being a source of the Issuer's funds); and
 - (2) the rates at which the Issuer is obliged to pay interest to Noteholders in respect of the Series (i.e. Quarterly Fixed Rate Hedged Note Interest, being an interest payment liability of the Issuer).

In respect of the Series Fixed Rate Hedge Transactions the Issuer is the fixed rate payer and the Series Fixed Rate Hedge Provider is the floating rate payer.

- (3) "**Quarterly Fixed Rate Mortgage Interest**" means in relation to the relevant Current Note Interest Payment Period, the aggregate amount of interest that would be payable in respect of that Current Note Interest Payment Period on the then prevailing Series Fixed Rate Hedge Notional Amount at a fixed rate specified in the relevant Series Fixed Rate Hedge Transactions.
- (4) "**Quarterly Fixed Rate Hedged Note Interest**" means in relation to the relevant Current Note Interest Payment Period, the amount of interest that would be payable by the Issuer in respect of such Current Note Interest Payment Period in respect of the Class B2a Notes if (for this purpose):
 - (1) interest had accrued at the rate of Current Note GBP Libor; and
 - (2) the Note Principal Amount Outstanding in relation to such Class B2a Notes (as at the first day of such Current Note Interest Payment Period) had been equal to the then prevailing Series Fixed Rate Hedge Notional Amount.
- (5) To the extent that, in respect of a Series Fixed Rate Hedge Transaction for a Current Note Interest Payment Period, the relevant Quarterly Fixed Rate Hedged Note Interest:
 - (1) is greater than the relevant Quarterly Fixed Rate Mortgage Interest, the Series Fixed Rate Hedge Providers, as applicable, shall pay the amount of the difference to the Issuer and such payment will be credited to the Series Revenue Distribution Ledger and included in the amounts allocated on the relevant Distribution Date according to the Series Revenue Waterfall or Series Realisation Waterfall, or
 - (2) is less than the relevant Quarterly Fixed Rate Mortgage Interest, the Issuer shall pay the amount of the difference to the Series Fixed Rate Hedge Providers, as applicable, and such payment will be made to the extent amounts are allocated thereto pursuant to the Series Revenue Waterfall or Series Realisation Waterfall on the relevant Distribution Date.

11.6 Series Basis Hedge Rates

See Series Basis Hedge Summary above.

11.7 Series Basis Hedge Periods

See Series Basis Hedge Summary above.

11.8 Series Currency Hedge Agreements

Each of the following:

- (1) the "**Series Currency A1b Hedge Agreement**" under which the Issuer, the Security Trustee and Series Currency A1b Hedge Provider enter into an interest rate and currency exchange transaction in connection with the Class A1b Notes (being the relevant Series Currency Hedge Corresponding Notes);
- (2) the "**Series Currency A3b Hedge Agreement**" under which the Issuer, the Security Trustee and Series Currency A3b Hedge Provider enter into an interest rate and currency exchange transaction in connection with the Class A3b Notes (being the relevant Series Currency Hedge Corresponding Notes);
- (3) the "**Series Currency M1b Hedge Agreement**" under which the Issuer, the Security Trustee and Series Currency M1b Hedge Provider enter into an interest rate and currency exchange transaction in connection with the Class M1b Notes (being the relevant Series Currency Hedge Corresponding Notes);
- (4) the "**Series Currency M2b Hedge Agreement**" under which the Issuer, the Security Trustee and Series Currency M2b Hedge Provider enter into an interest rate and currency exchange transaction in connection with the Class M2b Notes (being the relevant Series Currency Hedge Corresponding Notes); and
- (5) the "**Series Currency B1b Hedge Agreement**" under which the Issuer, the Security Trustee and Series Currency B1b Hedge Provider enter into an interest rate and currency exchange transaction in connection with the Class B1b Notes (being the relevant Series Currency Hedge Corresponding Notes);

each such agreement comprising an ISDA Master Agreement (including the related Schedule, Credit Support Annex and Confirmation) and to be entered into on or about the Note Issue Closing Date between the relevant Series Currency Hedge Provider, the Security Trustee and the Issuer.

11.9 Series Currency Hedge Provider

In relation to:

- (1) the Series Currency A1b Hedge Agreement, Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the "**Series Currency A1b Hedge Provider**");
- (2) the Series Currency A3b Hedge Agreement, The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (the "**Series Currency A3b Hedge Provider**");
- (3) the Series Currency M1b Hedge Agreement, Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the "**Series Currency M1b Hedge Provider**");
- (4) the Series Currency M2b Hedge Agreement, The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (the "**Series Currency M2b Hedge Provider**"); and
- (5) the Series Currency B1b Hedge Agreement, The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (the "**Series Currency B1b Hedge Provider**").

11.10 Series Currency Hedge Summary

By way of supplement to the general summary provided in section 7.4 *Hedging of currency exchange risks* in the Note Programme Memorandum, each Series Currency Hedge Agreement in relation to the Series will be entered into in order:

- (1) to exchange the net proceeds receivable by the Issuer in EUR in respect of the Notes in the Series which are denominated in EUR into GBP for the purpose of the Issuer paying the Series Portfolio Purchase Initial Consideration; and
- (2) to provide a degree of hedging in relation to that Series in connection with the exposure of the Issuer from time to time to mismatches between the interest and principal receivable by the Issuer in GBP from Borrowers in respect of each Mortgage in the relevant Series Portfolio (being the Issuer's main source of funds) and the Issuer's liability to pay interest on and make repayments of principal in EUR in respect of the Notes in that Series in respect of which the relevant Note Currency is EUR.

Where, in accordance with the terms of the relevant Series Currency Hedge Agreement, a Series Currency Hedge Provider is to make a payment in EUR which would fall to be allocated under and in accordance with a Series Waterfall relating to the Series, such Series Currency Hedge Provider has agreed that it shall make such payment directly to the Series Note Registrar (for payment to the relevant Series Noteholders on the relevant Series Currency Hedge Corresponding Notes relating to that Series Currency Hedge Agreement in accordance with the relevant Series Waterfall).

11.11 Series Currency Hedge Exchange Rates

In relation to each Series Currency Hedge Agreement relating to the Series, the Series Currency Hedge Exchange Rate is as indicated in that Series Currency Hedge Agreement.

11.12 Series Currency Hedge Periods

In relation to each Series Currency Hedge Agreement relating to the Series, the Series Currency Hedge Period is the period from the Note Issue Closing Date to the earlier of:

- (1) the Principal Repayment Final Maturity Date of the relevant Series Currency Hedge Corresponding Notes;
- (2) the date upon which there is no principal outstanding in respect of the relevant Series Currency Hedge Corresponding Notes; and
- (3) the date upon which such Series Currency Hedge Agreement terminates under its terms.

11.13 Series Hedge Credit Support Document

Not Applicable.

11.14 Series Hedge Credit Support Provider

Not Applicable.

12. Series Subordinated Facility

12.1 Series Subordinated Facility Agreement

Not Applicable.

12.2 Series Subordinated Facility Provider

Not Applicable.

12.3 Series Subordinated Facility Amount

Not Applicable.

12.4 Series Subordinated Facility Permitted Purposes

Not Applicable.

12.5 Series Subordinated Facility Repayment Provisions

Not Applicable.

12.6 Series Subordinated Facility Interest Provisions

Not Applicable.

12.7 Series Subordinated Facility Fee Provisions

Not Applicable.

12.8 Series Subordinated Facility Period Provisions

Not Applicable.

13. Series Distribution Procedures

13.1 Series Waterfall Assets

All the Issuer's Asset Rights (which include its present and future right title and interest) in respect of:

- (1) the Series Portfolio relating to the Series;
- (2) each Series Document relating to the Series;
- (3) each Series Account relating to the Series (including, without limitation, all amounts to be credited and/or credited to any Series Ledger relating to such Series);
- (4) each Security Asset which is subject to a floating charge only under the Security Deed and is appropriated and allocated to such Series under the Security Intercreditor Deed; and

(5) each Series Waterfall Additional Asset relating to the Series.

13.2 Series Waterfall Additional Assets

None.

13.3 Series Additional Security

None.

13.4 Series Waterfall Additional Creditors

None.

13.5 Series Additional Documents

None.

13.6 Distribution Additional Date

None.

13.7 Distribution Calculation Normal Date

The 5th Business Day immediately preceding each Distribution Date which occurs in relation to the Series.

13.8 Distribution Calculation Additional Date

None.

13.9 Series Distribution Scheme

The "**Series Distribution Scheme**" comprises the following procedures in the following order:

(1) *Transfer of funds to Series Revenue Distribution Ledger*

as at the opening of business on each Distribution Calculation Date in relation to the Series:

- (a) the amount (if any) standing to the credit of the Series Revenue Ledger and the Series Reserve Support Ledger for the Series shall be credited to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made, as appropriate, to such Series Revenue Ledger and Series Reserve Support Ledger); and
- (b) if such Distribution Calculation Date is the first to occur following the Note Issue Closing Date, GBP 1,225,048 shall be credited to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made to the Series Reserve Discount Margin Ledger); and
- (c) if such Distribution Calculation Date is the second to occur following the Note Issue Closing Date, GBP 1,113,680 shall be credited to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made to the Series Reserve Discount Margin Ledger); and
- (d) if such Distribution Calculation Date is the third to occur following the Note Issue Closing Date, GBP 1,113,680 shall be credited to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made to the Series Reserve Discount Margin Ledger); and
- (e) if such Distribution Calculation Date is the fourth to occur following the Note Issue Closing Date, GBP 445,472 shall be credited to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made to the Series Reserve Discount Margin Ledger); and then

(2) *Transfer of funds to Series Principal Distribution Ledger*

on such Distribution Calculation Date, the amount (if any) standing to the credit of the Series Principal Ledger for the Series (less such amount as the Series Distribution Administrator determines is required by the Issuer to fund Mortgage Further Advances or Mortgage Further Purchases in relation to the Series in the period from such Distribution Calculation Date to the next following Distribution Calculation Date) shall be credited to the Series Principal Distribution Ledger for the Series or, if a Series Waterfall Assets Realisation Date has occurred, to the Series Revenue Distribution Ledger for the Series (and a corresponding debit made to such Series Principal Ledger); and then

(3) *Calculation of need for drawing under Series Liquidity Facility Agreement*

on such Distribution Calculation Date, the Series Distribution Administrator will calculate whether there will be any Series Liquidity Shortfall on the next Distribution Date in relation to the Series; and

if the Series Distribution Administrator calculates that there would be a Series Liquidity Shortfall in relation to a Series on the next Distribution Date, the Series Distribution Administrator shall arrange for:

- (a) the Issuer to make a Series Liquidity Facility Drawing under the relevant Series Liquidity Facility Drawing on the relevant Distribution Date for an amount which is the lesser of the then Series Liquidity Facility Drawing Amount and the amount of the relevant Series Liquidity Shortfall; and
- (b) the amount of that Series Liquidity Facility Drawing to be paid into the Series Transaction Account and a corresponding amount credited to the relevant Series Revenue Distribution Ledger; and then

(4) *Estimate of allocation of funds in Series Revenue Distribution Ledger*

on such Distribution Calculation Date, the Series Distribution Administrator will calculate how the amounts then standing to the credit of the Series Revenue Distribution Ledger and the Series Revenue Distribution EUR Ledger and any further amounts expected to be credited to the Series Revenue Distribution Ledger and the Series Revenue Distribution EUR Ledger on or before the next Distribution Date (including:

- (a) amounts from the Series Hedge Providers under the Series Hedge Agreements;
- (b) the amount of any Series Liquidity Facility Drawing to be made under the Series Liquidity Facility Agreement;
- (c) interest from the Series Account Providers under the Series Account Services Agreements; and
- (d) any amounts to be credited to such Series Revenue Distribution Ledger in accordance with the terms of any Disposal Transaction in relation to the Series);

would be allocated on the next Distribution Date relating to the Series according to the Series Revenue Waterfall or, if a Series Waterfall Assets Realisation Date has occurred, to the Series Realisation Waterfall (taking into account any further amounts expected to be paid directly to the Note Registrar on or before the next Distribution Date in relation to a Series Disposal Transaction); and then

(5) *Estimate of allocation of funds in Series Principal Distribution Ledger*

(except where a Series Waterfall Assets Realisation Date has occurred) on such Distribution Calculation Date, the Series Distribution Administrator will calculate how the amounts then standing to the credit of the Series Principal Distribution Ledger and the Series Principal Distribution EUR Ledger and any further amounts expected to be credited to the Series Principal Distribution Ledger and the Series Principal Distribution EUR Ledger on or before the next Distribution Date (including:

- (a) amounts by virtue of reductions to be made to the Series Principal Deficiency Record; and
- (b) any amounts to be credited to such Series Principal Distribution Ledger in accordance with the terms of any Disposal Transaction in relation to the Series);

would be allocated on the next Distribution Date relating to the Series according to the Series Principal Waterfall (taking into account any further amounts expected to be paid directly to the Note Registrar on or before the next Distribution Date in relation to a Series Disposal Transaction); and then

(6) *Notification of estimated allocation*

the Series Distribution Administrator will on or before the Business Day after that Distribution Calculation Date notify each of the Security Creditors who are expressed in the relevant Series Revenue Waterfall or Series Principal Waterfall or, if a Series Waterfall Assets Realisation Date has occurred, the Series Realisation Waterfall to be potential payees (which shall be deemed to be the Note Registrar in relation to amounts to be paid to Noteholders) as to the amount that has been calculated as being allocated to liabilities which will be owing to them on the next Distribution Date; and then

(7) *Funding of payments to be made by Series Note Registrar to Series Noteholders*

on the Business Day before the next Distribution Date, the Series Distribution Administrator shall arrange for the amount which is:

- (a) the aggregate amount so calculated as being available to be applied to amounts owing to Series Noteholders in accordance with the relevant Series Waterfalls;

less

- (b) the amounts (if any) expected to be paid directly to the Series Note Registrar on or before the next Distribution Date by a Series Currency Hedge Provider under a Series Currency Hedge Agreement or in relation to a Disposal Transaction (including upon a Disposal Transaction Completion);

to be paid out of the Series Transaction Account to the Series Note Registrar in accordance with the Series Note Services Agreement and appropriate debits made to the Series Revenue Distribution Ledger or the Series Revenue Distribution EUR Ledger (as appropriate) and (except where a Series Waterfall Assets Realisation Date has occurred) Series Principal Distribution Ledger or the Series Principal Distribution EUR Ledger (as appropriate); and then

(8) *Allocation according to Series Revenue Waterfall*

on the next Distribution Date in relation to the Series, the amount standing to the credit of the Series Revenue Distribution Ledger and the Series Revenue Distribution EUR Ledger shall then be allocated in accordance with the Series Revenue Waterfall or, if a Series Waterfall Assets Realisation Date has occurred, in accordance with the Series Realisation Waterfall; and then

(9) *Payments and transfers according to allocation under Series Revenue Waterfall*

on such Distribution Date, the amounts so allocated to a Payee identified in the Series Revenue Waterfall or, if a Series Waterfall Assets Realisation Date has occurred, the Series Realisation Waterfall (together with, if any, the Interest Saved Up Amount and/or Fee Saved Up Amount which is then payable) shall be paid to that Payee or, if the Payee is the Issuer, shall be credited to the Ledger indicated in the Series Revenue Waterfall or, if a Series Waterfall Assets Realisation Date has occurred, the Series Realisation Waterfall (in each case making an appropriate debit to the Series Revenue Distribution Ledger or the Series Revenue Distribution EUR Ledger (as appropriate) and, if such Ledger is a General Ledger, by transferring the relevant amount from the Series Account to the General Account); and then

(10) *Reduction of Series Principal Deficiency Sub-Record*

where, following allocation of an amount in relation to the Series Principal Deficiency Sub-Record pursuant to a Series Waterfall, an amount is credited to the Series Principal Ledger, then that Series Principal Deficiency Sub-Record shall be decreased by that amount; and then

(11) *Allocation according to Series Principal Waterfall*

(except where a Series Waterfall Assets Realisation Date has occurred) on such Distribution Date, the amount standing to the credit of the Series Principal Distribution Ledger and the Series Principal Distribution EUR Ledger (as appropriate) shall then be allocated in accordance with the Series Principal Waterfall; and then

(12) *Payments and transfers according to allocation under Series Principal Waterfall*

(except where a Series Waterfall Assets Realisation Date has occurred) on such Distribution Date the amounts so allocated to a Payee identified in the Series Principal Waterfall (together with, if any, the Principal Repayment Saved Up Amount which is then payable) shall be paid to that Payee or, if the Payee is the Issuer, shall be credited to the Ledger indicated in the Series Principal Waterfall (in each case making an appropriate debit to the Series Principal Distribution Ledger or the Series Principal Distribution EUR Ledger (as appropriate) and, if such Ledger is a General Ledger, by transferring the relevant amount from the Series Account to the General Account); and

(13) *Daily receipts*

in addition, the Series Distribution Administrator shall procure that, if a Series Waterfall Assets Realisation Date has not occurred:

- (a) all Mortgage Principal Receipts in relation to the Series Portfolio shall be credited to the Series Principal Ledger relating to that Series;
- (b) all Mortgage Prepayment Charges Receipts in relation to the Series Portfolio shall be credited to the Series Prepayment Charges Ledger relating to the Series;
- (c) all Mortgage Revenue Receipts in relation to the Series Portfolio shall be credited to the Series Revenue Ledger relating to the Series;
- (d) amounts from the Series Basis Hedge Providers under the Series Basis Hedge Agreements shall be credited to the Series Revenue Distribution Ledger relating to the Series;
- (e) amounts in GBP from the Series Currency Hedge Providers under the Series Currency Hedge Agreements shall be credited to the Series Revenue Distribution Ledger relating to the Series;
- (f) amounts in EUR from the Series Currency Hedge Providers under the Series Currency Hedge Agreements shall be credited to the Series Revenue Distribution EUR Ledger relating to the Series;
- (g) the amount of any Series Liquidity Facility Drawing to be made under the Series Liquidity Facility Agreement shall be credited to the Series Revenue Distribution Ledger relating to the Series;
- (h) interest from the Series Account Providers under the Series Account Services Agreements shall be credited to the Series Revenue Distribution Ledger relating to the Series; and
- (i) any amounts to be credited to such Series Revenue Distribution Ledger in accordance with the terms of any Disposal Transaction in relation to the Series shall be credited to the Series Revenue Distribution Ledger relating to the Series;

and, if a Series Waterfall Assets Realisation Date has occurred, all amounts received by the Issuer shall be credited to the Series Revenue Ledger for the Series; and

provided always that amounts relating to Series Hedge Provider Collateral shall be credited to the relevant Series Hedge Provider Collateral Ledger and amounts relating to Series Credit Support Provider Collateral shall be credited to the relevant Series Credit Support Provider Collateral Ledger unless and until such amounts fall to be applied in respect of amounts owing from the relevant Series Hedge Provider or Series Credit Support Provider (as the case may be); and

(14) *Mortgage Further Advances*

in addition, the Series Distribution Administrator shall procure that the amount of each Mortgage Further Advance in relation to the Series Portfolio to be funded by the Issuer shall upon being advanced be debited to the Series Principal Ledger relating to the Series;

(15) *Mortgage Further Purchases*

in addition, the Series Distribution Administrator shall procure that the amount of the initial cash consideration payable upon completion of each Mortgage Further Purchase in relation to the Series shall upon completion of that Mortgage Further Purchase be debited to the Series Principal Ledger relating to the Series; and

(16) *Application of amounts on Note Issue Closing Date*

in addition, the Series Distribution Administrator shall procure that on the Note Issue Closing Date the net proceeds of the Note Issue shall be applied as follows:

- (a) the net proceeds of Classes of Notes which are denominated in GBP shall be credited to the Series Principal Ledger;
- (b) the net proceeds of Classes of Notes which are denominated in EUR shall be paid to the Series Currency Hedge Provider in respect of the corresponding Series Currency Hedge Agreement and the GBP received in exchange from that Series Currency Hedge Provider shall be credited to the Series Principal Ledger;
- (c) an amount equal to the Series Reserve Support Initial Amount will be credited to the Series Investment No.1 Account (and a corresponding debit made to the Series Principal Ledger and credit made to the Series Reserve Support Ledger);

- (d) approximately GBP 261,000 will be credited to the Series Transaction Account (and a corresponding debit made to the Series Principal Ledger and credit made to the Series Revenue Ledger) to provide for payment of the expenses incurred by or on behalf of the Issuer in relation to the issue of the Notes;
- (e) GBP 3,897,881 will be credited to the Series Investment No.1 Account (and a corresponding debit made to the Series Principal Ledger and credit made to the Series Reserve Discount Margin Ledger);
- (f) approximately GBP 11,788,405 will be credited to the Series Investment No.1 Account (and a corresponding debit made to the Series Principal Ledger and credit made to the Series Principal Distribution Ledger) to be applied in partial redemption of the Notes in the Series on the first Distribution Date relating to the Series in accordance with the Series Principal Waterfall; and
- (g) the remainder will be applied in payment of the Series Portfolio Purchase Initial Consideration in respect of the Series Portfolio (and a corresponding debit made to the Series Principal Ledger).

13.10 Series Waterfall

Each of the following (as specified):

- (1) the Series Revenue Waterfall and the Series Principal Waterfall and in respect of each Distribution Date in relation to the Series occurring prior to a Series Waterfall Assets Realisation Date in respect of the Series; and
- (2) the Series Realisation Waterfall in respect of each Distribution Date in relation to the Series occurring on or after a Series Waterfall Assets Realisation Date in respect of the Series.

13.11 Series Revenue Waterfall

The "**Series Revenue Waterfall**" refers to the making of the following allocations in the order of the Levels applying the Series Waterfall Rules (in each case only if and to the extent that relevant funds are available at the relevant Level on the relevant Distribution Date, having not been allocated at a higher Level):

| <i>Series Revenue Waterfall</i> | | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
|---------------------------------|---------------------|--|------------------------------|
| <i>Level</i> | <i>Payee</i> | | |
| 1 = | Issuer | The Series Referable Amount allocated to the Series in respect of the accrued amount of fees outstanding to the Security Trustee under the Security Deed; and the Series Pro Rata Amount allocated to the Series in respect of other accrued amounts (including costs, and expenses) outstanding to the Security Trustee under the Transaction Documents. | General Distribution Ledger |
| 1 = | Series Note Trustee | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Trustee under the Series Documents. | – |
| 2 = | Issuer | The Series Referable Amount allocated to the Series: to amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) and incurred without breach by the Issuer of the Transaction Documents and payment of which is not provided for elsewhere in any Distribution Waterfall (other than the General Waterfall); and to provide for any such amounts expected to become due and payable by the Issuer on or before the next succeeding Distribution Date in relation to the Series. | General Distribution Ledger |
| 2 = | Issuer | The Series Referable Amount allocated to the Series in respect of amounts payable in respect of insurance contracts maintained by or on behalf of the Issuer. | General Distribution Ledger |
| 2 = | Issuer | The Series Referable Amount allocated to the Series to provide for the Issuer's liability or possible liability for tax. | General Distribution Ledger |

| <i>Series Revenue Waterfall</i> | | | |
|---------------------------------|--|--|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 3 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to the Corporate Servicer under the Corporate Services Agreement. | General Distribution Ledger |
| 3 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of: the accrued charges in respect of the General Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the General Account Provider under the General Account Services Agreement. | General Distribution Ledger |
| 3 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to the General Treasurer under the General Treasury Services Agreement. | General Distribution Ledger |
| 3 = | Series Portfolio Servicer | The Fee Total Accrued Amount in respect of the Series Portfolio Servicer Senior Fee (except to the extent already paid to the Series Portfolio Servicer since the preceding Distribution Date, or in the case of the first Distribution Date, since the Note Issue Closing Date); and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Servicer under the Series Portfolio Services Agreement; excluding, in each case, amounts in respect of the Series Portfolio Servicer Subordinated Fee. | – |
| 3 = | Series Portfolio Servicer Replacement | The Fee Total Accrued Amount in respect of the Series Portfolio Servicer Replacement Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Servicer under the Series Portfolio Servicer Replacement Agreement. | – |
| 3 = | Series Special Servicer | The Fee Total Accrued Amount in respect of the Series Special Servicer Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Special Servicer under the Series Special Servicer Agreement. | – |
| 3 = | Series Treasurer | The Fee Total Accrued Amount in respect of the Series Treasurer Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Treasurer under the Series Treasury Services Agreement. | – |
| 3 = | Series Note Registrar | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Registrar under the Series Note Services Agreement. | – |
| 3 = | Series Note Calculation Agent | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Calculation Agent under the Series Note Services Agreement. | – |
| 3 = | Series Portfolio Collection Account Provider | The accrued charges in respect of the Series Portfolio Collection Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Collection Account Provider under the Series Portfolio Collection Account Services Agreement. | – |

| <i>Series Revenue Waterfall</i> | | | |
|---------------------------------|-------------------------------------|---|--------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 3 = | Series Transaction Account Provider | The accrued charges in respect of the Series Transaction Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Transaction Account Provider under the Series Transaction Account Services Agreement. | – |
| 3 = | Series Investment Account Provider | The accrued charges in respect of the Series Investment Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Investment Account Provider under the Series Investment Account Services Agreement. | – |
| 4 | Issuer | The Series Pro Rata Amount allocated to the Series in respect of the amount (if any) by which the balance of the General Security Action Ledger is less than the then General Security Action Fund Required Amount. | General Security Action Ledger |
| 5 | Series Liquidity Facility Provider | The Fee Total Accrued Amount in respect of fees accrued under the Series Liquidity Facility Agreement; the Interest Total Accrued Amount in respect of interest accrued on Series Liquidity Facility Drawings; the Principal Repayment Specified Amount in respect of the repayment of principal in respect of Series Liquidity Facility Drawings; and any other amounts due and payable under the Series Liquidity Facility Agreement. | – |
| 6 | Series Basis Hedge Provider(s) | The total accrued amount in respect of interest and any other amount, in each case which has accrued and is outstanding to that Series Basis Hedge Provider under any Series Basis Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of any Series Basis Hedge Agreement. | – |
| 7 = | Class A1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A1a Notes. | – |
| 7 = | Class A1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A1b Notes. | – |
| 7 = | Series Currency A1b Hedge Provider | The total accrued amount in respect of interest and any other amount (other than principal), in each case which has accrued and is outstanding to the Series Currency A1b Hedge Provider under the Series Currency A1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A1b Hedge Agreement. | – |
| 7 = | Class A2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A2a Notes. | – |
| 7 = | Class A3a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A3a Notes. | – |
| 7 = | Class A3b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A3b Notes. | – |
| 7 = | Series Currency A3b Hedge Provider | The total accrued amount in respect of interest and any other amount (other than principal), in each case which has accrued and is outstanding to the Series Currency A3b Hedge Provider under the Series Currency A3b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A3b Hedge Agreement. | – |

| <i>Series Revenue Waterfall</i> | | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
|---------------------------------|------------------------------------|---|--------------------------------------|
| <i>Level</i> | <i>Payee</i> | | |
| 8 | Issuer | The positive balance (if any) of the Series Principal Deficiency A Sub-Record. | Series Principal Distribution Ledger |
| 9 | Class AZa Noteholders | The Interest Total Accrued Amount in respect of interest on the Class AZa Notes. | – |
| 10 | Issuer | The positive balance (if any) of the Series Principal Deficiency AZ Sub-Record. | Series Principal Distribution Ledger |
| 11 = | Class M1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M1a Notes. | – |
| 11 = | Class M1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M1b Notes. | – |
| 11 = | Series Currency M1b Hedge Provider | The total accrued amount in respect of interest and any other amount (other than principal), in each case which has accrued and is outstanding to the Series Currency M1b Hedge Provider under the Series Currency M1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M1b Hedge Agreement. | – |
| 12 | Issuer | The positive balance (if any) of the Series Principal Deficiency M1 Sub-Record. | Series Principal Distribution Ledger |
| 13 = | Class M2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M2a Notes. | – |
| 13 = | Class M2b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M2b Notes. | – |
| 13 = | Series Currency M2b Hedge Provider | The total accrued amount in respect of interest and any other amount (other than principal), in each case which has accrued and is outstanding to the Series Currency M2b Hedge Provider under the Series Currency M2b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M2b Hedge Agreement. | – |
| 14 | Issuer | The positive balance (if any) of the Series Principal Deficiency M2 Sub-Record. | Series Principal Distribution Ledger |
| 15 = | Class B1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B1a Notes. | – |
| 15 = | Class B1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B1b Notes. | – |
| 15 = | Series Currency B1b Hedge Provider | The total accrued amount in respect of interest and any other amount (other than principal), in each case which has accrued and is outstanding to the Series Currency B1b Hedge Provider under the Series Currency B1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency B1b Hedge Agreement. | – |
| 16 | Issuer | The positive balance (if any) of the Series Principal Deficiency B1 Sub-Record. | Series Principal Distribution Ledger |
| 17 | Class B2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B2a Notes. | – |
| 18 | Issuer | The positive balance (if any) of the Series Principal Deficiency B2 Sub-Record. | Series Principal Distribution Ledger |
| 19 | Issuer | Series Reserve Support Required Amount. | Series Reserve Support Ledger |
| 20 | Issuer | Series Profit Accrual Amount. | General Profit Ledger |

| <i>Series Revenue Waterfall</i> | | | |
|---------------------------------|---|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 21 | Series Portfolio Servicer | The accrued amount in relation to any Series Portfolio Servicer Subordinated Fee. | – |
| 22 | Series Hedge Provider(s) | The accrued Series Hedge Provider Subordinated Amount (if any) which has accrued and is outstanding to that Series Hedge Provider under the relevant Series Hedge Agreement. | – |
| 23 | The relevant Series Waterfall Creditor(s) | All other amounts (including fees, interest, principal, costs and expenses, if any) due and payable to any other Series Waterfall Creditor in respect of any Series Document (in so far as such amounts are not eligible for allocation in the Series Principal Waterfall or at any higher Level of this Series Revenue Waterfall). | – |
| 24 | Series Portfolio Seller | The balance of the Series Revenue Distribution Ledger less the amount allocated in higher Levels of this Series Revenue Waterfall (being the relevant amount in respect of Series Portfolio Purchase Deferred Residual Consideration). | – |

13.12 Series Principal Waterfall

The "Series Principal Waterfall" means:

- (1) the Series Principal Pro Rata Waterfall in relation to each Distribution Date in relation to the Series where the immediately preceding Distribution Calculation Date in relation to the Series is a Series Principal Pro Rata Waterfall Trigger Date; and
- (2) the Series Principal Sequential Waterfall in relation to each other Distribution Date in relation to the Series.

13.13 Series Principal Pro Rata Waterfall Trigger Date

"Series Principal Pro Rata Waterfall Trigger Date" means each Distribution Calculation Date in respect of the Series upon which each of the following is true:

- (1) the aggregate Note Principal Amount Outstanding in respect of all of the Notes in the Class Tier A in the Series is equal to or less than 50% of the aggregate Note Initial Principal Amount in respect of all of the Notes in the Class Tier A in the Series;
- (2) the aggregate Note Principal Amount Outstanding in respect of all of the Class A1a Notes, Class A1b Notes and Class A2a Notes is zero;
- (3) the aggregate Note Principal Amount Outstanding in respect of all of the Notes in the Series is equal to or greater than 10% of the aggregate Note Initial Principal Amount in respect of all of the Notes in the Series;
- (4) no Series Liquidity Facility Drawings are outstanding;
- (5) the amount standing to the credit of the Series Reserve Support Ledger is not less than the Series Reserve Support Ledger Required Amount;
- (6) there is no positive balance on the Series Principal Deficiency Record; and
- (7) as at close of business on the day before such Distribution Calculation Date:
 - (a) the aggregate of the Mortgage Principal Balances of all Mortgage Loans in the Series Portfolio that are 3 months or more in arrears; divided by
 - (b) the aggregate of the Mortgage Principal Balances of all Mortgage Loans in the Series Portfolio;

does not exceed 0.17 (or such greater amount agreed between the Issuer and the Series Note Rating Agencies from time to time upon the basis that such increase will not adversely affect then current ratings of the Notes by the Series Note Rating Agencies).

13.14 Series Principal Sequential Waterfall

The "Series Principal Sequential Waterfall" refers to the making of the following allocations in the order of the Levels applying the Series Waterfall Rules (in each case only if and to the extent that relevant funds

are available at the relevant Level on the relevant Distribution Date, having not been allocated at a higher Level):

Series Principal Sequential Waterfall

| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
|--------------|------------------------------------|---|------------------------------|
| 1 = | Class A1a Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class A1a Notes. | – |
| 1 = | Class A1b Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class A1b Notes. | – |
| 1 = | Series Currency A1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency A1b Hedge Provider under the Series Currency A1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A1b Hedge Agreement. | – |
| 2 | Class A2a Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class A2a Notes. | – |
| 3 = | Class A3a Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class A3a Notes | – |
| 3 = | Class A3b Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class A3b Notes. | – |
| 3 = | Series Currency A3b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency A3b Hedge Provider under the Series Currency A3b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A3b Hedge Agreement. | – |
| 4 | Class AZa Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class AZa Notes | – |
| 5 = | Class M1a Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class M1a Notes. | – |
| 5 = | Class M1b Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class M1b Notes. | – |
| 5 = | Series Currency M1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency M1b Hedge Provider under the Series Currency M1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M1b Hedge Agreement. | – |
| 6 = | Class M2a Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class M2a Notes. | – |
| 6 = | Class M2b Noteholders | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of the Class M2b Notes. | – |

| <i>Series Principal Sequential Waterfall</i> | | | |
|--|------------------------------------|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 6 = | Series Currency M2b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency M2b Hedge Provider under the Series Currency M2b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M2b Hedge Agreement. | – |
| 7 = | Class B1a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1a Notes. | – |
| 7 = | Class B1b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1b Notes. | – |
| 7 = | Series Currency B1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency B1b Hedge Provider under the Series Currency B1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency B1b Hedge Agreement. | – |
| 8 | Class B2a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B2a Notes. | – |

13.15 Series Principal Pro Rata Waterfall

The "Series Principal Pro Rata Waterfall" refers to the making of the following allocations in the order of the Levels applying the Series Waterfall Rules (in each case only if and to the extent that relevant funds are available at the relevant Level on the relevant Distribution Date, having not been allocated at a higher Level):

| <i>Series Principal Pro Rata Waterfall</i> | | | |
|--|------------------------------------|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 1 = | Class A1a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A1a Notes. | – |
| 1 = | Class A1b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A1b Notes. | – |
| 1 = | Series Currency A1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency A1b Hedge Provider under the Series Currency A1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A1b Hedge Agreement. | – |
| 1 = | Class A2a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A2a Notes. | – |
| 1 = | Class A3a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A3a Notes. | – |
| 1 = | Class A3b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A3b Notes. | – |

| <i>Series Principal Pro Rata Waterfall</i> | | | |
|--|------------------------------------|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 1 = | Series Currency A3b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency A3b Hedge Provider under the Series Currency A3b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A3b Hedge Agreement. | – |
| 1 = | Class AZa Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class AZa Notes | – |
| 1 = | Class M1a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M1a Notes. | – |
| 1 = | Class M1b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M1b Notes. | – |
| 1 = | Series Currency M1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency M1b Hedge Provider under the Series Currency M1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M1b Hedge Agreement. | – |
| 1 = | Class M2a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M2a Notes. | – |
| 1 = | Class M2b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M2b Notes. | – |
| 1 = | Series Currency M2b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency M2b Hedge Provider under the Series Currency M2b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M2b Hedge Agreement. | – |
| 1 = | Class B1a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1a Notes. | – |
| 1 = | Class B1b Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1b Notes. | – |
| 1 = | Series Currency B1b Hedge Provider | The total accrued amount in respect of exchange of notional principal which has accrued and is outstanding to the Series Currency B1b Hedge Provider under the Series Currency B1b Hedge Agreement; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency B1b Hedge Agreement. | – |
| 1 = | Class B2a Noteholders | The Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B2a Notes. | – |

13.16 Series Realisation Waterfall

The "**Series Realisation Waterfall**" refers to the making of the following allocations in the order of the Levels applying the Series Waterfall Rules (in each case only if and to the extent that relevant funds are available at the relevant Level on the relevant Distribution Date, having not been allocated at a higher Level):

| <i>Series Realisation Waterfall</i> | | | |
|-------------------------------------|---------------------------------------|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 1 = | Issuer | The Series Referable Amount allocated to the Series in respect of the accrued amount of fees outstanding to the Security Trustee under the Security Deed; and the Series Pro Rata Amount allocated to the Series in respect of other accrued amounts (including costs, and expenses) outstanding to the Security Trustee under the Transaction Documents. | General Distribution Ledger |
| 1 = | Receiver | The Series Referable Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to any receiver in respect of the Series Waterfall Assets. | – |
| 1 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to any administrative receiver. | General Distribution Ledger |
| 1 = | Series Note Trustee | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Trustee under the Series Documents. | – |
| 2 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to the Corporate Servicer under the Corporate Services Agreement. | General Distribution Ledger |
| 2 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of: the accrued charges in respect of the General Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the General Account Provider under the General Account Services Agreement. | General Distribution Ledger |
| 2 = | Issuer | The Series Pro Rata Amount allocated to the Series in respect of accrued amounts (including fees, costs, and expenses) outstanding to the General Treasurer under the General Treasury Services Agreement. | General Distribution Ledger |
| 2 = | Series Portfolio Servicer | The Fee Total Accrued Amount in respect of the Series Portfolio Servicer Senior Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Servicer under the Series Portfolio Services Agreement; excluding, in each case, amounts in respect of the Series Portfolio Servicer Subordinated Fee. | – |
| 2 = | Series Portfolio Servicer Replacement | The Fee Total Accrued Amount in respect of the Series Portfolio Servicer Replacement Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Servicer Replacement under the Series Portfolio Servicer Replacement Agreement. | – |
| 2 = | Series Special Servicer | The Fee Total Accrued Amount in respect of the Series Special Servicer Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Special Servicer under the Series Special Servicer Agreement. | – |
| 2 = | Series Treasurer | The Fee Total Accrued Amount in respect of the Series Treasurer Fee; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Treasurer under the Series Treasury Services Agreement. | – |
| 2 = | Series Note Registrar | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Registrar under the Series Note Services Agreement. | – |

| <i>Series Realisation Waterfall</i> | | | |
|-------------------------------------|--|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 2 = | Series Note Calculation Agent | The accrued amounts (including fees, costs, and expenses) outstanding to the Series Note Calculation Agent under the Series Note Services Agreement. | – |
| 2 = | Series Portfolio Collection Account Provider | The accrued charges in respect of the Series Portfolio Collection Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Portfolio Collection Account Provider under the Series Portfolio Collection Account Services Agreement. | – |
| 2 = | Series Transaction Account Provider | The accrued charges in respect of the Series Transaction Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Transaction Account Provider under the Series Transaction Account Services Agreement. | – |
| 2 = | Series Investment Account Provider | The accrued charges in respect of the Series Investment Account; and all other accrued amounts (including costs and expenses, if any) outstanding to the Series Investment Account Provider under the Series Investment Account Services Agreement. | – |
| 3 | Issuer | The Series Referable Amount allocated to the Series in respect of any tax attributable to any profit arising upon the realisation of the Security relating to the Series Waterfall Assets. | General Profit Ledger |
| 4 | Issuer | The Series Pro Rata Amount allocated to the Series in respect of the amount (if any) by which the balance of the General Security Action Ledger is less than the then General Security Action Fund Required Amount. | General Security Ledger |
| 5 | Series Liquidity Facility Provider | The Fee Total Accrued Amount in respect of fees accrued under the Series Liquidity Facility Agreement; the Interest Total Accrued Amount in respect of interest accrued on Series Liquidity Facility Drawings; the Principal Repayment Specified Amount in respect of the repayment of principal in respect of Series Liquidity Facility Drawings; and any other amounts due and payable under the Series Liquidity Facility Agreement. | – |
| 6 | Series Basis Hedge Provider(s) | The Interest Total Accrued Amount in respect of interest on the Series Basis Hedge Agreement(s); and any other amount outstanding to the Series Basis Hedge Provider(s); excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Basis Hedge Agreement(s). | – |
| 7 = | Class A1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A1a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A1a Notes. | – |
| 7 = | Class A1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A1b Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A1b Notes. | – |

| <i>Series Realisation Waterfall Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
|---|------------------------------------|--|------------------------------|
| 7 = | Series Currency A1b Hedge Provider | The Interest Total Accrued Amount in respect of interest on the Series Currency A1b Hedge Agreement; and any other amount (including principal) outstanding to the Series Currency A1b Hedge Provider; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A1b Hedge Agreement. | – |
| 7 = | Class A2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A2a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A2a Notes. | – |
| 7 = | Class A3a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A3a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A3a Notes. | – |
| 7 = | Class A3b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class A3b Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class A3b Notes. | – |
| 7 = | Series Currency A3b Hedge Provider | The Interest Total Accrued Amount in respect of interest on the Series Currency A3b Hedge Agreement; and any other amount (including principal) outstanding to the Series Currency A3b Hedge Provider; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency A3b Hedge Agreement. | – |
| 8 | Class AZa Noteholders | The Interest Total Accrued Amount in respect of interest on the Class AZa Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class AZa Notes. | – |
| 9 = | Class M1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M1a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M1a Notes. | – |
| 9 = | Class M1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M1b Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M1b Notes. | – |
| 9 = | Series Currency M1b Hedge Provider | The Interest Total Accrued Amount in respect of interest on the Series Currency M1b Hedge Agreement; and any other amount (including principal) outstanding to the Series Currency M1b Hedge Provider; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M1b Hedge Agreement. | – |
| 10 = | Class M2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M2a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M2a Notes. | – |

| <i>Series Realisation Waterfall</i> | | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
|-------------------------------------|---|--|------------------------------|
| <i>Level</i> | <i>Payee</i> | | |
| 10 = | Class M2b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class M2b Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class M2b Notes. | – |
| 10 = | Series Currency M2b Hedge Provider | The Interest Total Accrued Amount in respect of interest on the Series Currency M2b Hedge Agreement; and any other amount (including principal) outstanding to the Series Currency M2b Hedge Provider; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency M2b Hedge Agreement. | – |
| 11 = | Class B1a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B1a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1a Notes. | – |
| 11 = | Class B1b Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B1b Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B1b Notes. | – |
| 11 = | Series Currency B1b Hedge Provider | The Interest Total Accrued Amount in respect of interest on the Series Currency B1b Hedge Agreement; and any other amount (including principal) outstanding to the Series Currency B1b Hedge Provider; excluding, in each case, any accrued Series Hedge Provider Subordinated Amount in respect of the Series Currency B1b Hedge Agreement. | – |
| 12 | Class B2a Noteholders | The Interest Total Accrued Amount in respect of interest on the Class B2a Notes; and the Principal Repayment Specified Amount in respect of the repayment of principal in respect of the Class B2a Notes. | – |
| 13 | Issuer | Series Profit Accrual Amount. | General Profit Ledger |
| 14 | Series Portfolio Servicer | The accrued amount in relation to any Series Portfolio Servicer Subordinated Fee. | – |
| 15 | Series Hedge Provider(s) | The accrued Series Hedge Provider Subordinated Amount (if any) in respect of the Series Hedge Agreement(s). | – |
| 16 | The relevant Series Waterfall Creditor(s) | Accrued fees, interest, principal and other amounts due to any other Series Waterfall Creditor in respect of any Series Document (in so far as not allocated in higher Levels of this Series Realisation Waterfall). | – |
| 17 | Series Portfolio Seller | The balance of the Series Revenue Distribution Ledger less the amount allocated in higher Levels of this Series Realisation Waterfall (being the relevant amount in respect of Series Portfolio Purchase Deferred Residual Consideration). | – |

13.17 Series Waterfall Rules

Each of the following is a "**Series Waterfall Rule**" in relation to the Series:

- (1) The relevant amounts standing to the credit of the Series Principal Distribution Ledger and Series Revenue Distribution Ledger (as appropriate) shall be allocated according to the relevant Series Waterfall, applying it in consecutive descending order of the Levels appearing in the relevant Series Waterfall, starting with Level 1 (being the highest ranking Level).

- (2) Where two or more items appear at the same Level (whether within the same row in respect of a Level or in two or more rows having the same Level number followed by the "=" sign), the amount available for allocation at that Level shall be allocated *pro rata* to the specified Maximum Allocable Amount in respect of each Payee appearing at that Level.
- (3) Unless expressly indicated otherwise, each Maximum Allocable Amount is the relevant amount as at the relevant Distribution Date on which funds are being allocated in accordance with the relevant Series Waterfall.
- (4) In the event that any amount is to be allocated and paid in accordance with the relevant Series Waterfall to a Series Hedge Provider under a Series Hedge Agreement in exchange for an amount payable by that Series Hedge Provider under the same Series Hedge Agreement, then in calculating the allocations and payments under the relevant Series Waterfall such amount payable by that Series Hedge Provider shall not be treated as part of the funds available for allocation and payment under more senior Levels of that Series Waterfall (this is to ensure that amounts payable by that Series Hedge Provider do not fund allocations and payment at a more senior Level).
- (5) Where an amount is to be allocated and paid in accordance with the relevant Series Waterfall, such allocation and payment shall be first made from funds available for allocation at the relevant Level which are in the same currency as the currency in which such amount is payable. In particular, where such funds are receivable from a Series Currency Hedge Provider under a Series Currency Hedge Agreement, the funds so receivable or received shall generally be allocated and paid (as the case may be) in or towards the related amount to be allocated and paid on the relevant Series Currency Hedge Corresponding Notes relating to that Series Currency Hedge Agreement.
- (6) Where, in accordance with the terms of the relevant Series Currency Hedge Agreement, a Series Currency Hedge Provider is to make and makes a payment to be made in EUR by that Series Currency Hedge Provider directly to the Series Note Registrar (for payment to the relevant Series Noteholders on the relevant Series Currency Hedge Corresponding Notes relating to that Series Currency Hedge Agreement) instead of being paid to the Issuer, the relevant allocations (as opposed to payments) and corresponding Ledger entries shall still be made in accordance with these Series Waterfall Rules and the relevant Series Waterfall as if such payment were made by that Series Currency Hedge Provider to the Issuer but the payments made following and in accordance with such allocations shall take account, as appropriate, of the amount paid directly by that Series Currency Hedge Provider to the Series Note Registrar.
- (7) In the event that any amount is to be allocated and paid in accordance with the relevant Series Waterfall and the money available at a particular level of that priority does not comprise a sufficient amount in the relevant currency in which such amount is to be allocated and paid, the Series Distribution Administrator shall (on behalf of the Issuer), if the relevant Series Currency Hedge Agreement has terminated, convert such of that available money into such currency at the then prevailing spot rate of exchange as may be required in order to be applied in or towards such allocation and payment.

13.18 Series Distribution Administrator

"Series Distribution Administrator" means:

- (1) the person (who may be, but does not need to be, the Security Trustee) specified as Series Distribution Administrator in relation to the Series Waterfall Assets in respect of which all or any part of the Security has become enforceable as indicated in a notice given by the Security Trustee to the Issuer and the Series Treasurer; and
- (2) the Series Treasurer in any other case.

13.19 Series Principal Deficiency Record

Applicable.

13.20 Series Profit Accrual Amount

In respect of each Distribution Date in relation to the Series, an amount equal to the result of multiplying the amount transferred at the start of the preceding Distribution Calculation Date to the relevant Series Revenue Distribution Ledger by 0.01%.

14. Series Miscellaneous Features

14.1 Standard Provisions Document

Edition 2 of the Clavis Securities Standard Provisions Document to be signed by way of identification on or about 30 May 2007 by WestLB AG, London Branch.

14.2 Series Controlling Creditor

The Series Controlling Creditor means:

- (1) the Holders of the Notes in Class Tier A and Class Tier AZ in relation to the Series throughout the period in which any amount is outstanding in respect of any Notes in Class Tier A and Class Tier AZ in relation to the Series;
- (2) the Holders of the Notes in Class Tier M1 in relation to the Series throughout the period in which any amount is outstanding in respect of any Notes in Class Tier M2 in relation to the Series and no amount is outstanding in respect of any Notes in Class Tier A or Class Tier AZ in relation to the Series; and
- (3) the Holders of the Notes in Class Tier M2 in relation to the Series throughout the period in which any amount is outstanding in respect of Notes in Class Tier B1 in relation to the Series and no amount is outstanding in respect of any Notes in Class Tier A, Class Tier AZ or Class Tier M1 in relation to the Series; and
- (4) the Holders of the Notes in Class Tier B1 in relation to the Series throughout the period in which any amount is outstanding in respect of any Notes in Class Tier B2 in relation to the Series and no amount is outstanding in respect of any Notes in Class Tier A, Class Tier AZ, Class Tier M1 or Class Tier M2 in relation to the Series; and
- (5) the Holders of the Notes in Class Tier B2 in relation to the Series throughout the period in which any amount is outstanding in respect of any Notes in Class Tier B2 in relation to the Series and no amount is outstanding in respect of any Notes in Class Tier A, Class Tier AZ, Class Tier M1, Class Tier M2 or Class Tier B1 in relation to the Series; and
- (6) in any other period each Series Waterfall Creditor to whom a liability is outstanding which is eligible to have an amount allocated to it at any Level of Series Revenue Waterfall (or, if applicable, the Series Realisation Waterfall) which Level is lower than or after the Level at which amounts fell to be allocated in respect of the Notes in Class Tier B2 in relation to the Series.

14.3 Series Basic Terms Additional Modification

None.

14.4 Series Post Realisation Purchase Option Deed

Each Series Post Realisation Purchase Option Deed expressed (including, without limitation, pursuant to the Note Issue Instrument and Note Issue Subscription Agreement relating to the Series) to be entered into between the Series Post Realisation Purchase Option Holder, the Series Note Trustee and each other Security Creditor in respect of the Series.

14.5 Series Post Realisation Purchase Option Holder

Clavis Options Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP.

14.6 Series Post Realisation Purchase Option Price

In relation to:

- (1) all liabilities under a Note denominated in GBP, GBP 0.01 per Note; and
- (2) all liabilities under a Note denominated in EUR, EUR 0.01 per Note; and
- (3) in relation to all liabilities under any other Series Document, GBP 0.01 per Series Document.

Expressions used in these Series Specific Conditions shall have the meanings indicated in the Standard Interpretation Provisions appearing in the Edition 2 of the Clavis Securities Standard Provisions Document expected to be signed by way of identification on or about 30 May 2007 by WestLB AG, London Branch in its capacity as Programme Financial Servicer.

PROGRAMME SPECIFIC PROVISIONS

The following are the Programme Specific Provisions relating to the Programme (until such time as they are modified or replaced in accordance with the Transaction Documents):

1. Security

1.1 Security Trustee

HSBC Trustee (C.I.) Limited of PO Box 88, 1 Grenville Street, St Helier, Jersey JE4 9PF, Channel Islands.

1.2 Security Trustee Specified Office

PO Box 88, 1 Grenville Street, St Helier, Jersey JE4 9PF, Channel Islands.

1.3 Security Deed

The Security Deed dated on or about the Note Programme Establishment Date between the Issuer and the Security Trustee.

1.4 Security Trustee Fee

The Issuer will pay a fee to the Security Trustee at the rate and on the terms pursuant to the Security Deed.

1.5 Security Supplemental Deed

Not Applicable.

2. General Distribution Scheme

2.1 General Waterfall Additional Creditors

None.

2.2 Distribution Calculation General Waterfall Date

The 5th Business Day immediately preceding each Distribution Date.

2.3 Distribution General Waterfall Date

Each Distribution Date in relation to any Series and, if no Series is outstanding, the 1st Business Day of each month.

2.4 General Distribution Scheme

The General Distribution Scheme includes the following procedures:

(1) *Calculation and notification of Series Referable Amounts and Series Pro Rata Amounts*

on each Series Liability Allocation Date, the General Distribution Administrator calculate and allocate to each Series the Series Referable Amounts and the Series Pro Rata Amounts in respect of each Series Liability and notify in writing the Security Trustee and each Series Distribution Administrator for each Series of the amount of each Series Referable Amount and Series Pro Rata Amount allocated to that Series (along with, in reasonable detail, the relevant calculation); and

(2) *Transfer of funds to General Distribution Ledger*

as at the opening of business on each Distribution Calculation Date the following amounts shall be credited to the General Distribution Ledger by the General Distribution Administrator:

- (a) all amounts (if any) standing to the credit of the General Transaction Ledger (and a corresponding debit shall be made to the General Transaction Ledger);
- (b) all amounts (if any) standing to the credit of the General Savings Ledger which represent amounts accrued by way of provision for an amount eligible for allocation at any Level of the General Waterfall on the immediately following Distribution Date (and a corresponding debit shall be made to the General Savings Ledger);
- (c) all amounts (if any) standing to the credit of the General Profit Ledger which do not represent the General Profit Annual Distribution Amount in relation to the then most recently ended Issuer Financial Year and do not represent amounts credited to the General Profit Ledger during the then current Issuer Financial Year (and a corresponding debit shall be made to the General Profit Ledger); and

(d) the amount (if any) by which the amounts (if any) standing to the credit of the General Security Action Ledger exceed the then General Security Action Fund Required Amount (and a corresponding debit shall be made to the General Security Action Ledger); and then

(3) *Allocation according to General Waterfall*

on each Distribution Date, after each of the amounts which fall to be allocated according to any Series Waterfall on that Distribution Date have been so allocated, the amount standing to the credit of the General Distribution Ledger shall then be allocated by the General Distribution Administrator in accordance with the General Waterfall; and then

(4) *Payments and transfers according to allocation*

once the amount standing to the credit of the General Distribution Ledger has been allocated in accordance with the General Waterfall, on the relevant Distribution Date the amounts so allocated to a Payee identified in the General Waterfall shall be paid to that Payee or, if the Payee is the Issuer, shall be transferred and credited to the Ledger indicated in the General Waterfall (in each case making an appropriate debit to the General Distribution Ledger).

2.5 General Waterfall

The "**General Waterfall**" refers to the making of the following allocations in the order of the Levels applying the General Waterfall Rules (in each case only if and to the extent that relevant funds are available at the relevant Level on the relevant Distribution Date, having not been allocated at a higher Level):

| <i>General Waterfall</i> | | | |
|--------------------------|-----------------------------|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 1 = | Security Trustee | Accrued amounts (including fees, costs, and expenses) outstanding to the Security Trustee under the Transaction Documents. | – |
| 1 = | Administrative receiver | Accrued amounts (including fees, costs, and expenses) outstanding to any administrative receiver appointed in respect of the Issuer or any of its assets. | – |
| 2 = | Relevant third parties | If a Security Assets Realisation Date has not occurred, amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) and incurred without breach by the Issuer of the Transaction Documents; or if a Security Assets Realisation Date has occurred, zero. | – |
| 2 = | Relevant insurers or agents | Premiums in respect of insurance contracts maintained by – or on behalf of the Issuer. | – |
| 2 = | Issuer | If a Security Assets Realisation Date has not occurred, an amount (as determined by the General Treasurer) to provide for amounts incurred to third parties without breach by the Issuer of the Transaction Documents expected to become due and payable by the Issuer on or before the next succeeding Distribution Date; or if a Security Assets Realisation Date has occurred, zero. | General Savings Ledger |
| 3 = | Issuer | If a Security Assets Realisation Date has not occurred, an amount (as determined by the General Treasurer) to provide for the Issuer's liability or possible liability for tax; or if a Security Assets Realisation Date has occurred, zero. | General Savings Ledger |
| 4 = | Corporate Servicer | Accrued amounts (including costs, and expenses) outstanding to the Corporate Servicer. | – |
| 4 = | General Account Provider | Accrued amounts (including costs, and expenses) outstanding to the General Account Provider. | – |
| 4 = | General Treasurer | The Fee Total Accrued Amount in respect of fees accrued – under the General Treasury Services Agreement; and all other accrued amounts (including costs, and expenses) outstanding to the General Treasurer under the General Treasury Services Agreement. | – |
| 5 | Issuer | General Profit Accrual Amount. | General Profit Ledger |

| <i>General Waterfall</i> | | | |
|--------------------------|--|---|------------------------------|
| <i>Level</i> | <i>Payee</i> | <i>Allocation Maximum Amount</i> | <i>Ledger to be credited</i> |
| 6 | Post Realisation Creditors | If a Security Assets Realisation Date has not occurred, all – accrued amounts owing in relation to outstanding Post Realisation Liabilities (if any) to Post Realisation Creditors; or if a Security Assets Realisation Date has occurred, zero. | |
| 7 | General Subordinated Facility Provider (if any) | The Fee Total Accrued Amount in respect of fees accrued – under the General Subordinated Facility Agreement (if any). | |
| 8 | General Subordinated Facility Provider (if any) | The Interest Total Accrued Amount in respect of interest – accrued on General Subordinated Facility Drawings (if any). | |
| 9 | General Subordinated Facility Provider (if any) | The Principal Repayment Specified Amount in respect of – the repayment of principal in respect of General Subordinated Facility Drawings (if any). | |
| 10 | Programme Financial Servicer and Note Programme Arranger | The Fee Total Accrued Amount in respect of the Programme Financial Servicer Fee and Note Programme Arranger Fee; and all other accrued amounts (including costs, and expenses) outstanding to the Programme Financial Servicer and Note Programme Arranger under the Programme Financial Services Agreement. | – |
| 11 | Issuer | The balance of the General Distribution Ledger less the amount allocated in higher Levels of this General Waterfall. | General Transaction Ledger |

2.6 General Waterfall Rules

Each of the following is a "**General Waterfall Rule**":

- (1) The amount standing to the credit of the General Distribution Ledger shall be allocated according to the General Waterfall, applying it in consecutive descending order of the Levels appearing in the General Waterfall, starting with Level 1 (being the highest ranking Level).
- (2) Where two or more items appear at the same Level (whether within the same row in respect of a Level or in two or more rows having the same Level number followed by the "=" sign), the amount available for allocation at that Level shall be allocated *pro rata* to the specified Maximum Allocable Amount in respect of each Payee appearing at that Level.
- (3) Unless expressly indicated otherwise, each Maximum Allocable Amount is the relevant amount as at the relevant Distribution Date on which funds are being allocated in accordance with the General Waterfall.

2.7 General Distribution Administrator

"**General Distribution Administrator**" means:

- (1) the person (who may be, but does not need to be, the Security Trustee) specified as General Distribution Administrator in relation to the General Waterfall Assets in respect of which all or any part of the Security has become enforceable as indicated in a notice given by the Security Trustee to the Issuer and the General Treasurer; and
- (2) the General Treasurer in any other case.

2.8 General Waterfall - Series Referable Amounts and Series Pro Rata Amounts

"**Series Liability**" means the amount specified in the Allocation Maximum Amount column in relation to each of the Issuer's liabilities under Levels 1, 2, 3, or 4 of the General Waterfall.

"**Series Liability Allocation Date**" means the last Business Day of each month.

"**Series Referable Liability**" means in respect of a Series Liability in relation to a Series, amounts accrued or owing in respect of that Series Liability which are referable to and were incurred in relation to that Series as determined by and allocated on a Series Liability Allocation Date to that Series by the General Distribution Administrator (and, for the avoidance of doubt, all fees, costs, expenses and other amounts incurred by a receiver appointed under the Security in respect of the Series Waterfall Assets of a Series

shall be referable only to that Series and all taxes and provisions for taxes of the Issuer shall be referable to Series and, in each case shall only be paid out of amounts allocated thereto under the relevant Series Waterfalls).

"Series Referable Amount" means in relation to a Series in respect of a Series Referable Liability on a Distribution Date in relation to that Series, the aggregate of each amount and which has been allocated to such Series in respect of such Series Referable Liability of that Series on each Series Liability Allocation Date which has occurred during the period since the immediately preceding Distribution Date in relation to that Series (or in the case of the first Distribution Date in relation to that Series, during the period since the Note Issue Closing Date in relation to that Series).

"Series Pro Rata Liability" means a Series Liability to the extent that it is not a Series Referable Liability.

"Series Pro Rata Total Amount" means in respect of a Series Pro Rata Liability as at a Series Liability Allocation Date, (a) the amount in respect of that Series Pro Rata Liability which the General Distribution Administrator determines will accrue during or are referable to the calendar month following that Series Liability Allocation Date plus (b) the amount incurred during the month in which that Series Liability Allocation Date occurs but which were not included in the accrual made on the immediately preceding Series Liability Allocation Date.

"Series Pro Rata Allocated Amount" means in respect of a Series Pro Rata Liability in relation to a Series, a share of the relevant Series Pro Rata Total Amount as determined by and allocated on a Series Liability Allocation Date to that Series by the General Distribution Administrator by apportioning such Series Pro Rata Total Amount among each Series pro rata to the credit balance (if any) of the relevant Series Revenue Ledgers of each Series as at the close of business on the day before such Series Liability Allocation Date.

"Series Pro Rata Amount" means in relation to a Series in respect of a Series Pro Rata Liability on a Distribution Date in relation to that Series, the aggregate of each Series Pro Rata Allocated Amount which has been allocated to such Series in respect of such Series Pro Rata Liability of that Series on each Series Liability Allocation Date which has occurred during the period since the immediately preceding Distribution Date in relation to that Series (or in the case of the first Distribution Date in relation to that Series, during the period since the Note Issue Closing Date in relation to that Series).

In the event of any dispute as to amounts claimed to be referable to and incurred in relation to a Series, or any determinations and/or allocations made by the General Distribution Administrator in connection with a Series Liability, the Security Trustee's determination (in its absolute discretion) shall be final and conclusive and binding on the Issuer and all Security Creditors.

2.9 General Profit Annual Distribution Amount

GBP 2,000.

2.10 General Profit Accrual Amount

In respect of each Distribution Date, an amount equal to the result of multiplying the amount transferred at the start of the preceding Distribution Calculation Date from the General Transaction Ledger to the relevant General Distribution Ledger by 0.01%.

2.11 General Additional Documents

None.

3. General Account Services Aspects

3.1 General Account Provider

HSBC Bank plc acting through its branch at 8 Canada Square, London E14 5HQ.

3.2 General Account Services Agreement

The General Account Services Agreement dated on or about the Note Programme Establishment Date between the Issuer, the General Treasurer, the General Account Provider and the Security Trustee.

3.3 General Account

Clavis Securities plc - General Account No.1 maintained with the General Account Provider.

4. General Treasury Services Aspects

4.1 General Treasurer

Basinghall Finance PLC of Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

4.2 General Treasury Services Agreement

The General Treasury Services Agreement dated on or about the Note Programme Establishment Date between the Issuer, the General Treasurer and the Security Trustee.

4.3 General Treasurer Fee

The Issuer will pay a fee to the General Treasurer at the rate and on the terms specified in the General Treasury Services Agreement.

4.4 General Additional Ledger

None.

5. Corporate Services Aspects

5.1 Corporate Servicer

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

5.2 Corporate Services Agreement

The Corporate Services Agreement dated on or about the Note Programme Establishment Date among the Issuer, the Parent, the Corporate Servicer and the Security Trustee.

5.3 Corporate Servicer Fee

The Issuer will pay a fee to the Corporate Servicer at the rate and on the terms specified in the Corporate Services Agreement.

6. Programme Financial Services Aspects

6.1 Programme Financial Servicer

WestLB AG, London Branch of Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

6.2 Note Programme Arranger

WestLB AG, London Branch of Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

6.3 Programme Financial Services Agreement

The Programme Financial Services Agreement dated on or about the Note Programme Establishment Date among the Issuer, the Programme Financial Servicer, the Note Programme Arranger and the Security Trustee.

6.4 Programme Financial Servicer Fee

The Issuer will pay a fee to each of the Programme Financial Servicer and the Note Programme Arranger at the rates and on the terms specified in the Programme Financial Services Agreement.

7. General Additional Services Aspects

7.1 General Additional Service Providers

None.

7.2 General Additional Services Agreements

None.

7.3 General Additional Services

None.

7.4 General Servicer Resignation Notice Period

3 months.

8. Additional Documents Incorporated by Reference

None.

9. General Subordinated Facility

9.1 General Subordinated Facility Agreement

Not Applicable.

9.2 General Subordinated Facility Provider

Not Applicable.

9.3 General Subordinated Facility Amount

Not Applicable.

9.4 General Subordinated Facility Permitted Purposes

Not Applicable.

9.5 General Subordinated Facility Repayment Provisions

Not Applicable.

9.6 General Subordinated Facility Interest Provisions

Not Applicable.

9.7 General Subordinated Facility Fee Provisions

Not Applicable.

9.8 General Subordinated Facility Period Provisions

Not Applicable.

Expressions used in these Programme Specific Conditions shall have the meanings indicated in the Standard Interpretation Provisions appearing in the Edition 2 of the Clavis Securities Standard Provisions Document to be signed by way of identification on or about 30 May 2007 by WestLB AG, London Branch in its capacity as Note Programme Arranger.

ADDITIONAL PARTICULAR RISK FACTORS

The following are certain aspects relating to the Series Notes by way of supplement to the aspects set out in the section entitled *3 Particular Risk Factors* in the Note Programme Memorandum.

Unfair Terms Regulations

The following supplements the matters discussed in 3.5(j) *Unfair Terms Regulations* in the Note Programme Memorandum:

- **Interest variation in mortgage contracts and unfair terms**

On 24 February 2000, the OFT issued a guidance note on what the OFT considers to be fair and unfair terms for interest variation in mortgage contracts. However, that note has been withdrawn from the OFT web site given that good practice on fairness of terms in consumer contracts is under wider review by the FSA and OFT. Currently there is no indication as to when this review is likely to be concluded or what changes, if any, may arise from it. In the meantime, in May 2005, the FSA issued a statement of good practice on fairness of terms in consumer contracts, which applies to firms regulated by the FSA in relation to products and services within the FSA's regulatory scope. Although that statement is not, of itself, enforceable against the firm, the FSA will have regard to it in exercising its powers under the Unfair Terms Regulations.

As regards, interest variation in mortgage contracts, that FSA statement of good practice and the withdrawn OFT guidance note indicate that where the interest variation term does not provide for precise and immediate tracking of an external rate outside the Issuer's control, and if the Borrower is locked in by an early repayment charge that is considered to be a penalty, the term is less likely to be regarded as unfair under the Unfair Terms Regulations if, amongst other things, the Issuer:

- (1) applies changes in interest rates across Borrower accounts generally; and
- (2) notifies the Borrower in advance of a rate change.

No assurance can be given that any changes adopted in guidance on interest variation terms will not have an adverse affect on the Issuer (including, but not limited to, restricting the ability to increase relevant interest rates that are charged).

- **Default charges**

In the context of the OFT's investigation into credit card default charges, the OFT on 5 April 2006 announced that the principles the OFT considers should be applied in assessing the fairness of credit card default charges should be applied (or are likely to be applied) in an analogous manner to default charges in other agreements, including those for mortgages.

The OFT has stated that where credit card default charges are set at more than £12, the OFT will presume that they are unfair, and it is likely to challenge the charge unless there are limited, exceptional business factors in play. A default charge should only be used to recover certain limited administrative costs. These may include postage, stationery and staff costs, and also a proportionate share of the costs of maintaining premises and IT systems necessary to deal with defaults.

It is not certain what effect the OFT's statement will have on residential mortgage lending. However, in the event that these principles are applied to the Mortgage Loans, it is possible that the arrears charges arising under a Mortgage Loan may be considered unfair to the extent that they have the effect of raising more in revenue than is reasonably expected to be necessary to recover the administrative costs incurred as a result of a Borrower default.

- **Mortgage exit administration fees**

It should also be noted that in January 2007, the FSA issued a Statement of Good Practice on mortgage exit administration fees charged when borrowers pay off their mortgages or switch their mortgage to another lender. The Statement sets out how the FSA believes that lenders should draft mortgage exit administration fees and explains that the FSA views mortgage terms which enable a mortgage provider to unilaterally vary a mortgage exit administration fee term, as unfair. Mortgage providers will not be able to enforce unfair terms against borrowers. A unilateral right to vary a mortgage exit administration fee term is less likely to be viewed as unfair if the right can only be exercised for a valid reason stated in the mortgage agreement such as to meet an increase in costs in respect of the administration services which the mortgage provider provides when a borrower exits the mortgage (the FSA believes that this is the most likely valid reason).

If a mortgage provider is able to increase its mortgage exit administration fee because of an increase in costs for their administrative services, the mortgage provider should be able, if challenged, to show what those costs are and that the increase in the mortgage exit administration fee is justified by the increase in costs. There are certain costs that the FSA would not view as costs for administration services including but not limited to loss of profit for lending, loss of interest while the loan is reassigned and initial costs not recovered if the loan does not run to full term (eg. marketing costs of obtaining new customers).

No assurance can be given that any changes adopted as result of the OFT and FSA's review of default and mortgage exit administration fees will not have an adverse affect on the Issuer (including, but not limited to, restricting the ability to increase such fees).

- **Proposed harmonisation**

In August 2002 the Law Commission for England and Wales and the Scottish Law Commission published a Joint Consultation Paper proposing changes to the Unfair Terms Regulations, including harmonising provisions of the Unfair Terms Regulations and the Unfair Contract Terms Act 1977, applying the Unfair Terms Regulations to business-to-business contracts and revising the Unfair Terms Regulations to make it "clearer and more accessible". The closing date for comments on this consultation was 8 November 2002 and a final report setting out their recommendations, together with a draft bill was published in February 2005. The recommendations are primarily to simplify the legislation on unfair terms. It is not proposed that there should be any significant increase in the extent of controls over terms in consumer contracts. However, the recommendations would, if given effect, make a number of changes to the Unfair Contracts Terms Act 1977 and the Unfair Terms Regulations. In particular, the recommendations propose that:

- (1) a consumer may also challenge a negotiated term in an agreement on the basis that it is "unfair" and "unreasonable" within the legislation and therefore not binding on the consumer; and
- (2) in all claims brought by consumers, the burden of proof should lie on the business to show that the term is fair and reasonable.

No assurances can be given that changes to the Unfair Terms Regulations, if implemented, will not have an adverse effect on the Issuer and/or the Series Portfolio Servicer.

- **Unfair relationships**

In addition, the Consumer Credit Act 2006 (discussed below) introduces a new unfair credit relationships test that will provide an individual borrower with a broad right to challenge an unfair credit relationship in respect of any agreement that includes the provision of credit, whether or not regulated by the CCA (with the exception of mortgage contracts regulated under the FSMA), on the basis of one or more of the following reasons:

- (1) any of the terms of the agreement or of any related agreement (these are agreements consolidated by the main agreement, linked agreements and any security provided in relation to the main agreement);
- (2) the way in which the creditor has exercised or enforced any of his rights under the agreement or any related agreement; and
- (3) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement).

The term "unfairness" is not defined in the Consumer Credit Act 2006 and it will be determined by reference to all matters the court thinks are relevant relating to the creditor and debtor. The aforementioned provisions will replace the existing rules on extortionate credit and will provide the court with a broad range of remedies to address the unfairness, including, amongst others:

- (1) require the creditor, to repay (in whole or in part) any sum paid by the debtor by virtue of the agreement or any related agreement;
- (2) reduce or discharge any sum payable by the debtor by virtue of the agreement or any related agreement;
- (3) to set aside (in whole or in part) any duty imposed on the debtor by virtue of the agreement or any related agreement; and
- (4) alter the terms of the agreement or any related agreement.

The Consumer Credit Act 2006 provides that the unfair relationships provisions will have retrospective effect from 6 April 2008 (during the period from 6 April 2007 to 5 April 2008 the unfair relationships

provisions will only apply to new agreements entered into during this time period). On that basis the Consumer Credit Act 2006 will apply to any Mortgage Loan in the Series Portfolio, which is not a regulated mortgage contract under the FSMA (including, without limitation, Owner Occupied Mortgages originated before 31 October 2004 and Investment Home Mortgages). No assurance can be given that the implementation of the unfair credit relationship provisions will not have an adverse affect on the Issuer (including, but not limited to, adversely affecting the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed).

Regulation of Mortgage Business in the United Kingdom

Particular attention is drawn to the matters discussed in 3.6 *Regulation of Mortgage Business in the United Kingdom* and 5.10 *Mortgage regulation in the United Kingdom* in the Note Programme Memorandum. These relate to Mortgages originated before, as well as those Mortgages originated on or after, the Mortgage Regulation Date. Failure to comply with the regulatory mortgage regime under the FSMA may have an adverse effect of the enforceability of regulated mortgage contracts and/or give rise to a right of action by a Borrower for damages for loss suffered in respect any such contravention. This may adversely affect the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed.

Consumer Credit Act 2006

The Consumer Credit Act 2006 was enacted on 30 March 2006 and is being implemented in stages partially in the period up to and including 6 April 2007 and and partially from 6 April 2008. The amendments to be made by the Consumer Credit Act 2006 include, amongst others, the removal of the financial limit for consumer lending (whilst retaining the limit of £25,000 for lending for business purposes to individuals, unincorporated bodies and partnerships of up to 3 partners). This means any new loan or further advance made after this time, will be regulated by the CCA, save for regulated mortgage contracts under the FSMA and exempt agreements under the CCA.

Such agreement relating to the loan or further advance will have to comply with requirements as to the form and content of the credit agreement and, in certain cases, new requirements for pre-contract disclosure of key information. If it does not comply, the agreement will be unenforceable against the Borrower without a court order.

A Borrower may seek to argue that any such Mortgage Loans in the Series Portfolio are unenforceable by virtue of non-compliance with the CCA. Any such action may adversely affect the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed.

Unfair Commercial Practices Directive

On 11 May 2005 the European Council and European Parliament adopted a directive on unfair commercial practices. This directive affects all consumer contracts and thus may have an impact on the residential mortgage market. Under this directive, a commercial practice is to be regarded as unfair if it is (a) contrary to the requirements of professional diligence; and (b) materially distorts or is likely to materially distort the economic behaviour of affected consumers. In addition, there are provisions aimed at aggressive and misleading practices and a list of practices which will in all cases be considered unfair.

Member States must implement the measures set out in this directive by December 2007. In December 2005, the UK Government published a consultation paper considering how the directive should be transposed into UK law and published a second consultation paper specifically on the directive's likely effect on financial services in October 2006. It is not certain what effect the adoption and implementation of the directive would have on the Issuer and/or the Series Portfolio Servicer. No assurance can be given that the adoption and implementation of the directive will not have an adverse affect on the Issuer and/or the Series Portfolio Servicer.

Introduction of International Financial Reporting Standards

The Issuer's UK corporation tax position depends to a significant extent on the accounting treatment applicable to the Issuer. The Issuer's accounts are required to comply with International Financial Reporting Standards ("IFRS") or with new UK Financial Reporting Standards reflecting IFRS ("**new UK GAAP**"). There is a concern that companies such as the Issuer might, under either IFRS or new UK GAAP, report profits or losses for accounting purposes, and accordingly for tax purposes (unless tax legislation provides otherwise), which bear little or no relationship to the company's cash position. However, the Finance Act 2005 (as amended) requires a "securitisation company" to prepare tax computations for its periods of account beginning on or after 1 January 2005 and ending before 1 January 2008 on the basis of UK GAAP as applicable up to 31 December 2004,

notwithstanding the requirement to prepare statutory accounts under IFRS or new UK GAAP. The Issuer has been advised that it will be a "securitisation company" for these purposes.

The stated policy of HM Revenue & Customs is that the tax neutrality of "securitisation companies" in general should not be disrupted as a result of the transition to IFRS or new UK GAAP, and it has been working with participants in the securitisation industry to establish a permanent regime that would prevent any such disruption. The Finance Act 2005 enables regulations to be made to establish such a regime. Such regulations were made on 11 December 2006 (the "**Securitisation Companies Tax Regulations**").

For accounting periods beginning on or after 1 January 2007, companies to which the Securitisation Companies Tax Regulations apply will be taxed by reference to their "retained profit" (which is computed on a cash basis and so should not be subject to the concern outlined above). For a company to fall within the permanent regime under the Securitisation Companies Tax Regulations, certain conditions are required to be met in relation to the activities of the relevant company, the nature of its assets and its payment obligations. The Issuer should satisfy the relevant conditions. Under the Securitisation Companies Tax Regulations, however, companies with accounting periods beginning prior to 1 January 2007 that qualify as "securitisation companies" under the interim regime described in the first paragraph of this risk factor will only be capable of falling within the permanent regime if they elect within the applicable time period for the permanent regime to apply to them.

If the Issuer does not, for whatever reason, fall within the permanent regime, then for accounting periods ending after 31 December 2007, the Issuer (like other companies in a similar position) may be required to recognise profits or losses as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the transaction, and as such adversely affect the Issuer and consequently the Noteholders.

ADDITIONAL INFORMATION ABOUT THE SERIES PORTFOLIO

The information contained in this section headed *Additional Information about the Series Portfolio* relates to the Series Portfolio. The delivery of the Note Listing Documents shall not create any implication that there has been no change in such information since the date of this Note Issue Supplement, or that the information contained or referred to in this section is correct as of any time subsequent to the date of this Note Issue Supplement.

The following is a summary of certain aspects relating to the Series by way of supplement to the aspects summarised in the section entitled *5 Series Portfolios* in the Note Programme Memorandum.

Series Portfolio Originator

GMAC-RFC Limited is a private limited company incorporated in England and Wales under the Companies Act 1985 on 6 January 1998 (with company number 3489004). GMAC-RFC Limited was formed by Residential Funding Company, LLC, a direct wholly-owned subsidiary of Residential Capital, LLC and an indirect wholly owned subsidiary of GMAC, LLC (formerly General Motors Acceptance Corporation). With effect from 1 December 2006, FIM Holdings, LLC purchased a 51% equity interest in GMAC, LLC. FIM Holdings, LLC is an investment company formed for the purpose of acquiring General Motors Acceptance Corporation. FIM Holdings, LLC is a consortium led by Cerberus Capital Management and also comprised of three other companies: Citigroup Alternative Investments, Aozora Bank and a subsidiary of PNC Financial Services Group, Inc. GMAC, LLC was previously a wholly owned subsidiary of General Motors Corporation, which continues to hold an indirect 49% equity interest in GMAC, LLC.

GMAC-RFC Limited's primary business is to provide mortgage services in the UK through intermediaries and other financial institutions. GMAC-RFC Limited originates mortgage loans to borrowers in England, Wales and Scotland and has also in the past originated mortgage loans to borrowers in Northern Ireland.

The registered office of GMAC-RFC Limited is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ.

As indicated in section 1.5(b) *No responsibility of or representations by other persons* in the Note Programme Memorandum, GMAC-RFC Limited has no responsibility for the contents of these Note Listing Documents. Any information concerning GMAC-RFC Limited in these Note Listing Documents comprises only publicly available information issued by or on behalf of GMAC-RFC Limited.

As indicated in section 3.2 *The Notes are solely the obligations of the Issuer* in the Note Programme Memorandum, the Notes will not be obligations of, or the responsibility of, or guaranteed by GMAC-RFC Limited.

Series Portfolio Previous Owner

North Yorkshire Mortgages Limited is a private limited company and was incorporated in England and Wales under the Companies Act 1985 (with company number 02238645). It is a wholly owned subsidiary of Scarborough Building Society. It is regulated by the Financial Services Authority and holds the required authorisations and permissions to carry out regulated activities under the Financial Services and Markets Act 2000. The registered office of North Yorkshire Mortgages Limited is at Prospect House, PO Box 6, Lake View, Eastfield, Scarborough, North Yorkshire YO11 3WZ.

As indicated in section 1.5(b) *No responsibility of or representations by other persons* in the Note Programme Memorandum, North Yorkshire Mortgages Limited has no responsibility for the contents of these Note Listing Documents. Any information concerning North Yorkshire Mortgages Limited in these Note Listing Documents comprises only publicly available information issued by or on behalf of North Yorkshire Mortgages Limited.

As indicated in section 3.2 *The Notes are solely the obligations of the Issuer* in the Note Programme Memorandum, the Notes will not be obligations of, or the responsibility of, or guaranteed by North Yorkshire Mortgages Limited.

Origination and underwriting of Series Portfolio

The Series Portfolio Originator originates mortgages through intermediary and packager networks. The Series Portfolio Originator's underwriters have reviewed each application on a case by case basis.

The Lending Criteria allows for underwriter discretion in certain circumstances and individual lending authorities prescribe the extent to which an underwriter may exercise discretion when approving an application.

Lending criteria used in origination of Series Portfolio

The Mortgages included in the Series Portfolio (each a "**Series Portfolio Mortgage**") were underwritten generally in accordance with the Series Portfolio Originator's Lending Criteria (as summarised below) which, in the Issuer's view, would generally be acceptable to residential mortgage lenders lending to borrowers in the standard and non-conforming markets.

In order to obtain a Mortgage, each prospective Borrower must complete an application which includes information with respect to the applicant's income, current employment details, bank account information (if applicable), current mortgage information (if applicable) and certain other personal information.

The following is a summary of aspects of that Lending Criteria:

- **Mortgage term**

Each Series Portfolio Mortgage must have an initial term of between 5 and 30 years.

- **Age of Borrower**

Each Borrower must be at least 18 years of age prior to completion and the term of the Series Portfolio Mortgage loans usually must end before the primary applicant reaches his/her 76th birthday (subject to certain exceptions). In instances where the second applicant's income is not required to support the application, there is no maximum age requirement for the second applicant.

- **Maximum Number of Borrowers**

A maximum number of four Borrowers are allowed to be parties to the Mortgage for an Owner Occupied Mortgage application and a maximum of two for an Investment Home Mortgage application. For Owner Occupied Mortgages, only the two applicants with the highest income will be taken into account when assessing the case.

- **Mortgage Property types**

Each of the loans advanced under a Series Portfolio Mortgage must be secured by a first ranking legal mortgage over a freehold or long leasehold residential property located in England and Wales (an English Property). The expiry of a lease in relation to a leasehold property that serves as a security for a Mortgage Loan will post-date the maturity of the Mortgage Loan by at least 30 years.

Only property of an acceptable standard of construction and intended for use wholly or partly as a principal place of residence or under an assured shorthold tenancy or short assured tenancy is acceptable. Properties under 10 years of age are generally required to have the benefit of an NHBC or an architect's certificate or equivalent guarantee from an acceptable body.

Certain property types will not be considered for the purposes of providing security for a Mortgage Loan, including:

- (1) freehold flats and freehold maisonettes in England and Wales;
- (2) properties with agricultural restrictions;
- (3) properties not wholly owned by the Borrower, where equity is retained by a builder/developer, housing association or other third party;
- (4) properties of 100% timber construction;
- (5) flats over commercial premises (subject to certain exceptions); and
- (6) properties listed as defective under the Housing Act.

Each Property offered as security will have been valued by a qualified surveyor (ARICS or equivalent qualification) chosen from a panel of valuation firms approved by the Series Portfolio Originator.

- **Mortgage amount**

Each Series Portfolio Mortgage at the time of completion must be for a minimum principal amount of at least £25,001. No Series Portfolio Mortgage may exceed a maximum principal amount of £1,000,000.

- **Maximum Original LTV**

The loan to value ("**Original LTV**") is calculated by dividing the initial principal amount advanced at completion of the Series Portfolio Mortgage by the lower of the purchase price and valuation of the relevant Mortgage Property (with the exception of Right To Buy Mortgages where lending may be based on current valuation).

The Original LTV of each Series Portfolio Mortgage at the date of completion, excluding fees, must be no more than 95%.

- **Income details of Borrowers**

Income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of:

- (1) salary plus additional regular remuneration for an employed Borrower or remuneration payable plus any dividend/bonus attributable to the Borrower in the last financial year for a self-employed Borrower (defined as a Borrower holding at least 33% of the issued share capital of the company), who is a partner in partnership, or a sole trader;
- (2) pensions;
- (3) investment income;
- (4) rental income; and
- (5) any other monies approved by an authorised official of the Series Portfolio Originator.

Borrowers who wish to self certify their income are required to make a full declaration of their total annual personal income on the application form and must still complete in full the employment section of the application form. Each Borrower's employer is contacted by telephone to confirm that the Borrower works where stated on the application form. Where the Borrower is self employed, the accountant is telephoned in every case for the purpose of confirming the employment of the Borrower (subject to certain exceptions).

- **Income multiples**

Unless an underwriting exception is approved, the principal amount advanced will not exceed the higher of:

- (1) 4.5 times the assessed income of the primary Borrower plus one times the assessed income of the secondary Borrower, and
- (2) 3.75 times the combined assessed incomes of the primary and secondary Borrowers.

The income multiples available to any Borrower will be dependent on a combination of Original LTV and credit assessment. A reasonability check on income for all self-certified and self-employed cases will be carried out on a sample basis.

- **Credit and employment history of Borrowers**

The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:

- (1) search supplied by a credit reference agency;
- (2) CAIS information;
- (3) confirmation of voters roll entries or proof of residency;
- (4) references from employers;
- (5) accountant's certificate; or
- (6) references from current and/or previous lenders.

Explanations may be provided where a CCJ relating to a Borrower has been revealed by the credit reference search, where instalment arrears have been identified or where a Borrower has been subject to a bankruptcy order or IVA.

Where satisfaction of CCJs is a requirement of the Mortgage, a certificate of satisfaction must have been provided or satisfaction confirmed in credit reference agency searches.

Borrowers who were the subject of a BO must have provided a certificate of discharge. Borrowers who were subject to an IVA must have provided confirmation of satisfactory conduct of the IVA where appropriate.

- **Valuation**

For the Series Portfolio Mortgages, Mortgage Properties are required to be valued by a qualified surveyor (ARICS or equivalent qualification) chosen from a panel of valuation firms approved by the Series

Portfolio Originator. Valuations must be completed using a standard template provided by the Series Portfolio Originator.

- **Borrower maintenance covenants**

In relation to each of the Series Portfolio Mortgages, the relevant Borrower has covenanted to keep the relevant Mortgage Property in good repair and condition, to comply with all covenants and statutory requirements in respect of the relevant Mortgage Property and to pay in a timely fashion all taxes and other amounts required to be paid in connection with the Mortgage Property. Each of the Borrowers has also agreed to allow the mortgagee to carry out an inspection of the condition of the relevant Mortgage Property at any reasonable time.

- **Buildings insurance**

At the time of completion, the relevant Mortgage Property must have been insured with an insurer acceptable to the Series Portfolio Originator for at least the amount recommended for such purpose by a qualified surveyor and the Series Portfolio Originator must have been either jointly insured with the Borrower, or its interest as mortgagee noted on the relevant insurance policy.

- **Mortgage Further Advances**

Further Advances are governed by separate lending criteria and, together with the initial advances, may not exceed the maximum loan permitted by that lending criteria. Generally, the Borrower must not be in arrears in relation to the existing Mortgage Loan and should not have been in arrears for any significant period of time immediately prior to the application for such further advance. The policy is, however, subject to exceptions, taken on a case-by-case basis.

- **Solicitors**

Borrowers instruct a firm of solicitors or licensed conveyancers to act on their behalf as well as on behalf of the Series Portfolio Originator on the origination of the Series Portfolio Mortgage. The nominated firm must meet certain minimum requirements. For instance, it must either have at least two practicing partners holding a current practising certificate or be on the Series Portfolio Originator's Solicitors panel and it must have the benefit of professional indemnity insurance (minimum £1,000,000). If the nominated firm of solicitors does not meet the minimum requirements, the Series Portfolio Originator reserves the right to instruct other solicitors to act on its behalf at the expense of the Borrower.

- **Express Completion Mortgages**

Some Mortgages (each an "**Express Completion Mortgage**") in the Series Portfolio have been originated by the Series Portfolio Originator using an "express completion" insurance approach. Under that approach:

- (1) an Express Completion Insurance Policy is entered into between the Express Completion Insurer and the Series Portfolio Originator (as the insured) in relation to the relevant Express Completion Mortgage (see 1.42 *Mortgagee Insurance Other Policy* on page S-16);
- (2) the terms of such Express Completion Insurance Policy state that the Express Completion Insurer shall provide cover for losses of principal and interest (up to a specified limit) arising in respect of the insured risks stated in such Express Completion Insurance Policy subject to specified exclusions and the terms and conditions of such Express Completion Insurance Policy (including, in particular, compliance with criteria which requires specified tasks to be completed by the solicitors or licensed conveyancers acting for the Series Portfolio Originator in relation to that Express Completion Mortgage);
- (3) the insured risks stated in such Express Completion Insurance Policy include a range of potential legal defects which may exist or occur in relation to the Borrower's title to the Mortgage Property and the validity of the Mortgage. Although those insured risks are similar in nature to the matters that would be addressed by a certificate of title given by a solicitor or licensed conveyancer who carried out the Standard Conveyancing Procedures (see below), there is no assurance that they are the same;
- (4) those specified tasks include those solicitors or licensed conveyancers being instructed by the Series Portfolio Originator to carry out certain procedures specified by the Express Completion Insurer in respect of investigation of the Borrower's title to the Mortgage Property and those solicitors or licensed conveyancers providing to the Series Portfolio Originator, prior to completion of the Express Completion Mortgage, a certificate or request for funds (in a form approved or agreed by the Express Completion Insurer) confirming that those procedures have been duly completed; and
- (5) the Series Portfolio Originator does not require such solicitors or licensed conveyancers to carry out their standard conveyancing procedures (including, in the case of solicitors, the standard procedures

specified by The Law Society to be carried out by solicitors in such circumstances) ("**Standard Conveyancing Procedures**") and does not require such solicitors or licensed conveyancers to provide to the Series Portfolio Originator, prior to completion of the Express Completion Mortgage, a certificate of title confirming that its procedures have been completed.

There is no assurance that losses suffered in respect of a Mortgage would be less, the same or more where the above "express completion" approach has been used or where the Standard Conveyancing Procedures have been used (or vice versa).

Warranties in relation to the Series Portfolio

The following are further details of the Series Portfolio Warranties in relation to the Series Portfolio by way of supplement to the information set out in 5.5 *Warranties in relation to Series Portfolios* in the Note Programme Memorandum.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer, the Security Trustee or the Series Note Trustee in relation to the Series Portfolio, each of whom is relying upon the Series Portfolio Warranties.

The Series Portfolio Warranties include, among other things, negotiated statements to the following effect:

- (a) each Mortgage Loan constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the mortgagee in priority to any other charges registered against the relevant Mortgage Property (except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies; and this warranty shall not apply in respect of any redemption fees);
- (b) subject to completion of any registration or recording which may be pending at H.M. Land Registry, each Mortgage constitutes a first ranking charge by way of legal mortgage over the relevant Mortgage Property;
- (c) each Mortgage Property is located in England and Wales;
- (d) at the time of origination thereof, the Mortgage Property was of the kind permitted under the Lending Criteria;
- (e) prior to making a Mortgage, the relevant Mortgage Property was valued by an independent valuer from the panel of valuers from time to time appointed by the relevant Series Portfolio Originator;
- (f) each Mortgage Property is insured under a Borrower Buildings Insurance Untied Policy or a Mortgagee Buildings Insurance Untied Policy either in the joint names of the Borrower and the relevant Series Portfolio Seller or with the interest of the relevant Series Portfolio Seller noted thereon, in each case against risks usually required to be covered by a reasonably prudent residential mortgage lender underwriting mortgage loans to borrowers advancing money on the security of residential property in England and Wales to an amount not less than the full reinstatement cost as determined by the relevant valuer;
- (g) prior to making each Mortgage Loan, the nature and amount of such Mortgage Loan and the circumstances of the relevant Borrower satisfied the Lending Criteria in all material respects;
- (h) all Mortgage Loans are Mortgage Tracker Rate Loans, Mortgage Fixed Rate Loans or Mortgage Variable Rate Loans;
- (i) no Mortgage has a final maturity after the date falling two years prior to the Principal Repayment Final Maturity Date in respect of the Class B2a Notes;
- (j) no lien or right of set-off or counterclaim has been created or arisen between the mortgagee and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Mortgage;
- (k) the Series Portfolio Seller has not waived or agreed to waive any of its rights against any valuer, solicitor, licensed or qualified conveyancer or other professional who has provided information, carried out work or given advice in connection with any Mortgage;
- (l) no agreement for any Mortgage Loan is or includes a regulated consumer credit agreement (as defined in Section 8 of the Consumer Credit Act 1974) or constitutes any other agreement regulated or partly

regulated by the Consumer Credit Act 1974 (other than Sections 137 to 140 of such Act) or any modification or re-enactment thereof; and

- (m) at the time of origination of each Mortgage the Series Portfolio Originator, where required, held an authorisation by the Financial Services Authority to carry on its regulated mortgage activities in relation to the origination of that Mortgage.

If there is an unremedied or unremediable breach of any of the Series Portfolio Warranties given by the Series Portfolio Seller in the Series Portfolio Purchase Agreement which would have a material adverse effect on any Mortgage Loan and its related Mortgage then the Series Portfolio Seller has covenanted to pay an amount equal to the Current Balance of the relevant Mortgage and in consideration for such payment the relevant Mortgage shall be transferred by the Issuer to the Series Portfolio Seller.

The Series Portfolio Warranties do not include any Series Portfolio Previous Owner Warranties and there is no Series Portfolio Warranty Guarantor in relation to the Series. Accordingly, although the Series Portfolio Seller purchased the Mortgages in the Series Portfolio pursuant to the Series Portfolio Previous Purchase Agreements, those Series Portfolio Previous Purchase Agreements are not included in the Series Documents relating to the Series and they are not relevant to the Series as the Issuer does not have and will not have any interest under such Series Portfolio Previous Purchase Agreements.

Interest rate setting in relation to certain Series Portfolio Mortgages

Under the Mortgage Conditions applicable to some of the Mortgage Loans in the Series Portfolio the interest rate payable on those Mortgage Loans is a variable rate set by the mortgage lender from time to time but, pursuant to the terms of the Series Portfolio Purchase Agreement, the Issuer and (where such rate would fall to be set by the Security Trustee) the Security Trustee has undertaken with the Series Portfolio Seller to set such variable rate at not less than a minimum specified margin in excess of the Bank of England Repo Rate (less, in the case of certain discount variable rate Mortgage Loans, the applicable discount during the period that the relevant discount is applicable) with the scope to increase such variable rate to a maximum specified margin in excess of the Bank of England Repo Rate (or, in some cases, in excess of the higher of the Bank of England Repo Rate and the Series Portfolio Originator's standard variable rate), in each case calculated daily from one Bank of England Repo Rate and/or Series Portfolio Originator's standard variable rate setting, as applicable, to the next. The Series Documents will contain provisions to the effect that the Security Trustee is authorised and instructed by the Security Creditors of the Series to give such undertaking and that the Security Trustee shall have no responsibility or liability to any Security Creditor for any loss suffered or incurred as a result of the Security Trustee complying with that undertaking.

PROVISIONAL SERIES PORTFOLIO SUMMARY DATA

The tables in this section give further selected information about the portfolio of Mortgages at 31 March 2007 from which the Series Portfolio will be selected. In those tables all percentages have been taken to either one or two decimal places (as indicated), the "Current Balance" includes all sums owing by a Borrower under a Mortgage including: (a) the outstanding principal balance, (b) all arrears of interest which have become due and payable but which remained unpaid, and (c) all fees and expenses which have been added to the Borrower's account. There has been no revaluation of any of the Mortgage Properties for the purposes of the issue of the Notes and the details of valuations of the Mortgage Properties indicated in those tables are, unless otherwise stated, as at the date of the original initial Mortgage Loan origination. The assets backing the issue of each Series will have characteristics that demonstrate the capacity to produce funds to service any payments that become due and payable on the Notes in respect of that Series.

The aggregate Current Balance of all Mortgage Loans in the Series Portfolio as at the Note Issue Closing Date in relation to the Series is expected to be approximately GBP 545,052,151.

Summary table of Series Portfolio

| | | | |
|--|--------------|---|------------|
| Aggregate Current Balance | £556,840,556 | Remortgage | 49.90% |
| Number of Mortgages | 3,949 | Investment Home Mortgage | 28.18% |
| Average Mortgage size | £141,008 | Owner Occupied Right To Buy Mortgage | 0.00% |
| Largest principal balance | £671,577 | | |
| Mortgage Amortising Loans | 25.09% | Self certified | 50.24% |
| Mortgage Non-Amortising Loans | 71.45% | Borrowers with bankruptcy orders /IVAs | 0.00% |
| Part and Part | 3.46% | Borrowers with CCJs | 0.48% |
| | | | |
| Weighted average current interest rate | 5.56% | First charge | 100.0% |
| Weighted average stabilised margin | 1.96% | Second charge | 0.0% |
| Weighted average original LTV | 80.84% | | |
| Weighted average indexed LTV | 77.92% | Weighted average remaining term to maturity | 21.0 years |
| Weighted average seasoning | 9.4 months | | |

Distribution of Mortgage Loans by origination value LTV

| <i>Origination value LTV range</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|------------------------------------|---|-----------------------|--|-----------------------|
| >0% <= 30% | 38 | 0.96% | 2,335,130 | 0.42% |
| >30% <= 40% | 68 | 1.72% | 4,840,642 | 0.87% |
| >40% <= 50% | 148 | 3.75% | 13,934,022 | 2.50% |
| >50% <= 60% | 223 | 5.65% | 24,327,329 | 4.37% |
| >60% <= 70% | 295 | 7.47% | 36,165,696 | 6.49% |
| >70% <= 80% | 608 | 15.40% | 90,857,121 | 16.32% |
| >80% <= 90% | 2,385 | 60.40% | 358,313,758 | 64.35% |
| >90% <= 100% | 184 | 4.66% | 26,066,860 | 4.68% |
| >100% | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by indexed LTV

| <i>Indexed LTV range</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|--------------------------|---|-----------------------|--|-----------------------|
| >0% <= 30% | 47 | 1.19% | 2,910,254 | 0.52% |
| >30% <= 40% | 81 | 2.05% | 6,033,106 | 1.08% |
| >40% <= 50% | 163 | 4.13% | 16,087,287 | 2.89% |
| >50% <= 60% | 240 | 6.08% | 26,629,640 | 4.78% |
| >60% <= 70% | 360 | 9.12% | 47,328,600 | 8.50% |
| >70% <= 80% | 797 | 20.18% | 126,590,940 | 22.73% |
| >80% <= 90% | 2,087 | 52.85% | 307,171,728 | 55.16% |
| >90% <= 100% | 174 | 4.41% | 24,089,002 | 4.33% |
| >100% | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Indexation has been achieved taking the details of valuations of the Mortgage Properties as at the date of the original initial Mortgage Loan origination and adjusting this by the Halifax Price Index.

Distribution of Mortgage Loans by Current Balance

| <i>Current Balance range</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| >£0 <= £20,000 | - | 0.00% | - | 0.00% |
| >£20,000 <= £40,000 | 38 | 0.96% | 1,319,196 | 0.24% |
| >£40,000 <= £60,000 | 174 | 4.41% | 9,030,770 | 1.62% |
| >£60,000 <= £80,000 | 384 | 9.72% | 27,144,594 | 4.87% |
| >£80,000 <= £100,000 | 545 | 13.80% | 49,282,686 | 8.85% |
| >£100,000 <= £120,000 | 577 | 14.61% | 63,476,563 | 11.40% |
| >£120,000 <= £140,000 | 538 | 13.62% | 69,624,041 | 12.50% |
| >£140,000 <= £160,000 | 480 | 12.16% | 71,490,149 | 12.84% |
| >£160,000 <= £180,000 | 326 | 8.26% | 55,052,774 | 9.89% |
| >£180,000 <= £250,000 | 630 | 15.95% | 130,869,711 | 23.50% |
| >£250,000 <= £300,000 | 148 | 3.75% | 40,187,180 | 7.22% |
| >£300,000 <= £500,000 | 102 | 2.58% | 35,345,585 | 6.35% |
| >£500,000 <= £1,500,000 | 7 | 0.18% | 4,017,307 | 0.72% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by current interest rate

| <i>Current interest rate range</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|------------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| > 4.0% <= 4.5% | - | 0.00% | - | 0.00% |
| > 4.5% <= 5.0% | 358 | 9.07% | 51,379,358 | 9.23% |
| > 5.0% <= 5.5% | 1,700 | 43.05% | 226,801,023 | 40.73% |
| > 5.5% <= 6.0% | 1,360 | 34.44% | 195,313,652 | 35.08% |
| > 6.0% <= 6.5% | 529 | 13.40% | 82,966,080 | 14.90% |
| > 6.5% <= 7.0% | 1 | 0.03% | 257,371 | 0.05% |
| > 7.0% <= 7.5% | 1 | 0.03% | 123,072 | 0.02% |
| > 7.5% | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by stabilised margin

| <i>Stabilised margin range</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|--------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| > 0.0% <= 0.5% | - | 0.00% | - | 0.00% |
| > 0.5% <= 1.0% | 116 | 2.94% | 16,125,010 | 2.90% |
| > 1.0% <= 1.5% | 2 | 0.05% | 254,820 | 0.05% |
| > 1.5% <= 2.0% | 3,551 | 89.92% | 502,091,464 | 90.17% |
| > 2.0% <= 2.5% | 280 | 7.09% | 38,369,262 | 6.89% |
| > 2.5% <= 3.0% | - | 0.00% | - | 0.00% |
| > 3.0% | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by current rate type

| <i>Rate type</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Discounted | 939 | 23.78% | 146,124,019 | 26.24% |
| Fixed | 2,889 | 73.16% | 394,023,403 | 70.76% |
| No discount | 121 | 3.06% | 16,693,134 | 3.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by method of amortisation

| <i>Method of amortisation</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Amortising | 1,187 | 30.06% | 139,704,293 | 25.09% |
| Non-Amortising | 2,619 | 66.32% | 397,873,946 | 71.45% |
| Part and Part | 143 | 3.62% | 19,262,317 | 3.46% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by income verification

| <i>Income verification</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|----------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Fully verified | 2,100 | 53.18% | 277,098,331 | 49.76% |
| Self certified | 1,849 | 46.82% | 279,742,225 | 50.24% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by Mortgage Loan purpose

| <i>Mortgage purpose</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Purchase | 1,962 | 49.68% | 278,995,451 | 50.10% |
| Remortgage | 1,987 | 50.32% | 277,845,105 | 49.90% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by Mortgage priority

| <i>Mortgage priority</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|--------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| First charge | 3,949 | 100.00% | 556,840,556 | 100.00% |
| Second charge | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by region

| <i>Region</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|--------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| South East | 456 | 11.55% | 69,733,480 | 12.52% |
| Inner London | 525 | 13.29% | 100,669,980 | 18.08% |
| Outer London | 427 | 10.81% | 72,457,050 | 13.01% |
| South West | 426 | 10.79% | 60,659,857 | 10.89% |
| East Anglia | 196 | 4.96% | 26,094,814 | 4.69% |
| East Midlands | 304 | 7.70% | 36,435,391 | 6.54% |
| West Midlands | 431 | 10.91% | 55,052,776 | 9.89% |
| North West | 445 | 11.27% | 52,715,845 | 9.47% |
| Yorkshire and Humberside | 272 | 6.89% | 30,251,207 | 5.43% |
| North | 139 | 3.52% | 14,966,537 | 2.69% |
| Wales | 328 | 8.31% | 37,803,620 | 6.79% |
| Scotland | - | 0.00% | - | 0.00% |
| Northern Ireland | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by property type

| <i>Property type</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Detached bungalow | 95 | 2.41% | 15,932,137 | 2.86% |
| Detached house | 562 | 14.23% | 107,943,175 | 19.38% |
| Flat other | 699 | 17.70% | 97,796,289 | 17.56% |
| Maisonette other | 62 | 1.57% | 8,084,586 | 1.45% |
| Semi-bungalow | 69 | 1.75% | 9,090,620 | 1.63% |
| Semi-house | 975 | 24.69% | 133,279,294 | 23.93% |
| Terraced bungalow | 1 | 0.03% | 75,693 | 0.01% |
| Terraced house | 1,486 | 37.63% | 184,638,763 | 33.16% |
| Others | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by occupancy type

| <i>Occupancy type</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-----------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Owner Occupied | 2,710 | 68.62% | 399,947,761 | 71.82% |
| Investment Home | 1,239 | 31.38% | 156,892,795 | 28.18% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by number of months in arrears

| <i>Number of months in arrears</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|------------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| Current | 3,889 | 98.48% | 547,719,894 | 98.36% |
| ≥ 1 < 2 | 46 | 1.16% | 6,714,457 | 1.21% |
| ≥ 2 < 3 | 9 | 0.23% | 1,452,782 | 0.26% |
| ≥ 3 < 4 | 5 | 0.13% | 953,423 | 0.17% |
| ≥ 4 | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Sum of current principal balances of Mortgages in arrears: £9,120,663.

Number of Mortgages in arrears as a percentage of the balance of the Series Portfolio: 1.64%.

Average amount in arrears in respect of Mortgages in arrears: £1,310.

Weighted average LTV of Mortgages in arrears: 85.12%.

Largest Current Balance of the Mortgages in arrears: £337,155.

The number of months that a Borrower is said to be in arrears by is calculated as the amount due from the Borrower but not paid divided by the current monthly payment due, rounded down to the nearest month. The current monthly payment due is not the amount due where a Borrower may have an arrangement in place. This calculation is performed at the end of the relevant calendar month and does not take into account the date during that month when the Borrower has chosen to make his monthly payment.

Distribution of Mortgage Loans with county court judgments

| <i>Number of county court judgments</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|---|---------------------------------|-------------------|--------------------------------------|-------------------|
| 0 | 3,929 | 99.49% | 554,184,771 | 99.52% |
| 1 | 20 | 0.51% | 2,655,785 | 0.48% |
| 2 or more | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by bankruptcy orders and individual voluntary arrangements

| <i>Existence of bankruptcy orders and individual voluntary arrangements</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|---|---------------------------------|-------------------|--------------------------------------|-------------------|
| 0 | 3,949 | 100.00% | 556,840,556 | 100.00% |
| 1 or more | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by seasoning

| <i>Seasoning in months</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|----------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| >0 <= 5 | - | 0.00% | - | 0.00% |
| >5 <= 6 | - | 0.00% | - | 0.00% |
| >6 <= 7 | - | 0.00% | - | 0.00% |
| >7 <= 8 | 1,688 | 42.75% | 238,146,530 | 42.77% |
| >8 <= 9 | 86 | 2.18% | 12,626,750 | 2.27% |
| >9 <= 10 | 56 | 1.42% | 8,960,341 | 1.61% |
| >10 <= 11 | 2,022 | 51.20% | 281,144,452 | 50.49% |
| >11 <= 12 | 30 | 0.76% | 4,213,489 | 0.76% |
| >12 <= 13 | 12 | 0.30% | 1,899,895 | 0.34% |
| >13 <= 14 | - | 0.00% | - | 0.00% |
| >14 <= 15 | 2 | 0.05% | 232,625 | 0.04% |
| >15 | 53 | 1.34% | 9,616,474 | 1.73% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by remaining maturity

| <i>Remaining maturity in months</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|-------------------------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| >0 <= 30 | - | 0.00% | - | 0.00% |
| >30 <= 60 | 7 | 0.18% | 1,236,637 | 0.22% |
| >60 <= 90 | 47 | 1.19% | 6,713,382 | 1.21% |
| >90 <= 120 | 150 | 3.80% | 20,150,683 | 3.62% |
| >120 <= 150 | 121 | 3.06% | 16,171,498 | 2.90% |
| >150 <= 180 | 308 | 7.80% | 42,303,532 | 7.60% |
| >180 <= 210 | 232 | 5.87% | 33,384,125 | 6.00% |
| >210 <= 240 | 680 | 17.22% | 97,978,408 | 17.60% |
| >240 <= 270 | 327 | 8.28% | 43,527,857 | 7.82% |
| >270 <= 300 | 1,775 | 44.95% | 255,614,061 | 45.90% |
| >300 <= 330 | 21 | 0.53% | 2,977,378 | 0.53% |
| >330 <= 360 | 281 | 7.12% | 36,782,995 | 6.61% |
| >360 | - | 0.00% | - | 0.00% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgage Loans by remaining term to reversion

| <i>Remaining term to reversion in months</i> | <i>Number of Mortgage Loans</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
|--|---------------------------------|-------------------|--------------------------------------|-------------------|
| >0 <= 1 | 121 | 3.06% | 16,693,134 | 3.00% |
| >1 <= 5 | 4 | 0.10% | 920,740 | 0.17% |
| >5 <= 10 | 154 | 3.90% | 25,557,785 | 4.59% |
| >10 <= 15 | 1,494 | 37.83% | 206,496,297 | 37.08% |
| >15 <= 20 | 1,977 | 50.06% | 281,460,536 | 50.55% |
| >20 <= 25 | 83 | 2.10% | 10,093,239 | 1.81% |
| >25 <= 30 | 79 | 2.00% | 10,302,760 | 1.85% |
| >30 | 37 | 0.94% | 5,316,065 | 0.95% |
| Total | 3,949 | 100.00% | 556,840,556 | 100.00% |

Distribution of Mortgages by tenure

| <i>Origination value LTV range</i> | <i>Freehold</i> | | | | <i>Leasehold</i> | | | |
|--|--------------------------------|-----------------------|--|-----------------------|--------------------------------|-----------------------|--|-----------------------|
| | <i>Number of Mortgages</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> | <i>Number of Mortgages</i> | <i>% of Total</i> | <i>Aggregate Current Balance (£)</i> | <i>% of Total</i> |
| >0% <= 30% | 35 | 0.89% | 2,213,531 | 0.40% | 3 | 0.08% | 121,599 | 0.02% |
| >30% <= 40%..... | 64 | 1.62% | 4,360,647 | 0.78% | 4 | 0.10% | 479,995 | 0.09% |
| >40% <= 50% | 130 | 3.29% | 12,571,330 | 2.26% | 18 | 0.46% | 1,362,691 | 0.24% |
| >50% <= 60% | 196 | 4.96% | 21,694,352 | 3.90% | 27 | 0.68% | 2,632,977 | 0.47% |
| >60% <= 70% | 260 | 6.58% | 31,857,042 | 5.72% | 35 | 0.89% | 4,308,654 | 0.77% |
| >70% <= 80% | 499 | 12.64% | 75,932,073 | 13.64% | 109 | 2.76% | 14,925,048 | 2.68% |
| >80% <= 90% | 1,755 | 44.44% | 269,337,828 | 48.37% | 630 | 15.95% | 88,975,930 | 15.98% |
| >90% <= 100% | 145 | 3.67% | 20,813,044 | 3.74% | 39 | 0.99% | 5,253,816 | 0.94% |
| >100% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Total | 3,084 | 78.10% | 438,779,846 | 78.80% | 865 | 21.90% | 118,060,710 | 21.20% |

ADDITIONAL INFORMATION ABOUT CERTAIN TRANSACTION PARTIES

The information contained in this section headed *Additional Information about Certain Transaction Parties* relates to and has been obtained respectively from each of the persons to which the information relates. The delivery of the Note Listing Documents shall not create any implication that there has been no change in the affairs of those persons since the date of this Note Issue Supplement, or that the information contained or referred to in this section is correct as of any time subsequent to the date of this Note Issue Supplement.

Basinghall Finance PLC

Basinghall Finance PLC is the General Treasurer and will, in relation to the Series, be the Series Portfolio Seller, the Series Portfolio Legal Title Holder, the Series Special Servicer and the Series Treasurer.

Basinghall Finance PLC is a public limited company registered in England and Wales under number 2305213 and the liability of its members is limited. It has its registered and head office at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA. Basinghall Finance PLC is a wholly owned subsidiary within the WestLB Group. It is regulated by the Financial Services Authority and holds the required authorisations and permissions to carry out regulated activities under the Financial Services and Markets Act 2000 enabling it to act as the Series Special Servicer.

Basinghall Finance PLC main purpose is to acquire mortgage loans via portfolio purchases and to originate new loans through third party distribution networks. Such loans will be refinanced through securitisation via, amongst others, the Issuer or by sales to other third party entities.

The Issuer has been informed that, in accordance with the provisions of the Series Special Services Agreement and the Series Treasury Services Agreement, Basinghall Finance PLC intends to sub-contract the performance of some of its obligations under those agreements to Home Funding Limited and some to WestLB AG, London Branch. Notwithstanding such sub-contracting, Basinghall Finance PLC as the Series Special Servicer and Series Treasurer shall remain fully responsible and liable to the Issuer and other relevant parties to the Series Special Services Agreement and the Series Treasury Services Agreement for the performance of those obligations.

Home Funding Limited is a private limited company registered in England and Wales under number 5497754. In its capacity as special servicer to Basinghall Finance PLC, Home Funding Limited provides strategic advice and management services to Basinghall Finance PLC as well as operating its product, distribution, treasury and accounting activities and handling all retail elements of its mortgage operation. Basinghall Finance PLC is the registered holder of some of the issued shares of Home Funding Limited and some of the directors of Basinghall Finance PLC are also directors of Home Funding Limited. Home Funding Limited commenced trading on 31 January 2006 and its executive management team, comprising banking and mortgage industry professionals, has extensive experience managing commercial and residential mortgage lending and administration companies together with originating, executing and managing capital market transactions. It is authorised and regulated by the Financial Services Authority for arranging regulated mortgage contracts and designated investment business in relation to insurance mediation enabling it to act as sub-contractor of Basinghall Finance PLC in respect of the relevant obligations.

WestLB AG and WestLB AG, London Branch

WestLB AG, London Branch is the Programme Financial Servicer and Note Programme Arranger.

WestLB AG, London Branch currently acts as a provider of business and compliance services to Basinghall Finance PLC. Basinghall Finance PLC will sub-contract the performance of certain of its obligations under the Series Special Services Agreement and Series Treasury Services Agreement to WestLB AG, London Branch

WestLB AG is acting through its London branch at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA. WestLB AG is a joint stock company. Pursuant to a special law of the State of North Rhine-Westphalia (the "**Restructuring Law**"), which became effective on 1 August 2002, WestLB's public legal form was changed into a joint stock company under German law (Article 1 section 8 Restructuring Law) as of 30 August 2002. All branches, representative offices and foreign subsidiaries are maintained by WestLB AG.

WestLB AG will, in relation to the Series, be the Note Issue Lead Manager and one of the Note Issue Managers. WestLB AG is domiciled in Düsseldorf (Herzogstrasse 15, 40217 Düsseldorf) and Münster (Friedrichstrasse 1, 48145 Münster). It conducts all types of banking business as well as complementary business including the acquisition and holding of equity investments and the issue of Pfandbriefe. It has the tasks of a central bank for

the savings banks and a municipal bank. As part of the savings bank organisation, the purpose also includes the development and provision of bank products for savings banks and public-sector clients.

As at 8 February 2007 the ownership structure of WestLB AG was as follows: State of North Rhine-Westphalia 17.469 %, NRW.BANK 31.175 %, the Savings Banks and Giro Association of Westphalia-Lippe 25.154 %, the Savings Banks and Giro Association of the Rhineland 25.154 %, the Regional Association of Westphalia-Lippe and the Regional Association of the Rhineland 0.524 % each.

As of 31 December 2006, WestLB AG WestLB Group (the "**WestLB Group**") had total assets of approximately EUR 285.3 billion and shareholders' equity of Euro 6.8 billion.

The current ratings of WestLB AG which apply for liabilities entered into on or after 19 July 2005 (so-called unguaranteed ratings) are "A1" from Moody's, "A-" from S&P and "A high" from DBRS (Dominion Bond Rating Service) for long-term debt and "P-1" from Moody's, "A-2" from S&P and "R-1 middle" from DBRS for short-term debt.

In keeping with the agreement reached between the German government and the European Commission on 17 July 2001, Article 1 § 11 of the Act of Redefining the Legal Status of Public-Law Banking Institutions in North Rhine-Westphalia (Gesetz zur Neuregelung der Rechtsverhältnisse der öffentlich-rechtlichen Kreditinstitute in Nordrhein-Westfalen) stipulates that the former public-law liability mechanisms of institutional liability and guarantor liability will no longer apply to new liabilities and commitments that WestLB enters into after a transitional period that ended 18 July 2005.

Danske Bank A/S

Danske Bank A/S will, in relation to the Series, be the Series Liquidity Facility Provider and the Series Investment Account Provider, in each capacity acting from its London branch.

Danske Bank A/S was founded in 1871 and has, through the years, merged with a number of financial institutions. Danske Bank A/S is a commercial bank with limited liability and carries on business under the Danish Financial Business Act, Consolidation Act No. 286 of 4 April 2006, as amended.

The registered office of Danske Bank A/S is at Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; the telephone number is +45 33 44 00 00; CVR-nr. 61 12 62 28 – København.

The Danske Bank Group ("**Danske Bank Group**") provides a wide range of banking, mortgage and insurance products as well as other financial services, and is the largest financial institution in Denmark – and one of the largest in the Nordic region – measured by total assets.

The total assets of the consolidated Danske Bank Group were DKK 2,739 billion (USD 483.9 billion) at the end of 2006. Shareholders' equity was DKK 95 billion (USD 16.8 billion) at the end of 2006.

Current credit ratings of Danske Bank A/S are as follows: Moody's: P-1 (short-term) and Aa1 (long-term), S&P: A-1+ (short-term) and AA- (long-term), Fitch: F1+ (short-term) and AA- (long-term).

Barclays Bank PLC

Barclays Bank PLC will, in relation to the Series, be the Series Fixed Rate No.1 Hedge Provider and a Series Currency Hedge Provider.

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "**Barclays Group**") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA by Standard & Poor's, Aa1 by Moody's and AA+ by Fitch Ratings Limited.

Based on the Barclays Group's unaudited financial information for the year ended 31 December 2006, the Barclays Group had total assets of £996,503 million (2005: £924,170 million), total net loans and advances of £313,226 million (2005: £300,001 million), total deposits² of £336,316 million (2005: £313,811 million), and total shareholders' equity of £27,106 million (2005: £24,243 million) (including minority interests of £1,685 million (2005: £1,578 million)). The profit before tax of the Barclays Group for the year ended 31 December 2006 was £7,197 million (2005: £5,311 million) after impairment charges on loans and advances and other credit provisions of £2,154 million (2005: £1,571 million). The financial information in this paragraph is extracted from the unaudited Results Announcement of the Barclays Group for the year ended 31 December 2006.

The Royal Bank of Scotland plc

The Royal Bank of Scotland plc will, in relation to the Series, be the Series Cap Hedge Provider, the Series Fixed Rate No.2 Hedge Provider and a Series Currency Hedge Provider.

The Royal Bank of Scotland Group plc (the "**RBS Group**") is the holding company of one of the world's largest banking and financial services groups, with a market capitalisation of £62.8 billion at 31 December 2006. Headquartered in Edinburgh, the RBS Group operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc and National Westminster Bank Plc ("**NatWest**"). Both The Royal Bank of Scotland plc and NatWest are major UK clearing banks whose origins go back over 275 years. The RBS Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBS Group's operations are conducted principally through The Royal Bank of Scotland plc and its subsidiaries (including NatWest) other than the general insurance business (primarily Direct Line Group and Churchill Insurance).

The RBS Group had total assets of £871.4 billion and shareholders' equity of £40.2 billion at 31 December 2006. The RBS Group is strongly capitalised with a total capital ratio of 11.7 per cent. and tier 1 capital ratio of 7.5 per cent as at 31 December 2006.

The short-term unsecured and unguaranteed debt obligations of The Royal Bank of Scotland plc are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of The Royal Bank of Scotland plc are currently rated AA by S&P, Aa1 by Moody's and AA+ by Fitch.

In its capacity as the Series Cap Hedge Provider, the Series Fixed Rate No.2 Hedge Provider and a Series Currency Hedge Provider, The Royal Bank of Scotland plc will be acting through its branch at 135 Bishopsgate, London, EC2M 3UR.

In response to press speculation on a potential bid for the Dutch bank, ABN AMRO, the RBS Group, Fortis SA/NV and Santander Central Hispano S.A. (together, the "**Proposal Banks**") confirmed that they had submitted a joint letter dated 12 April 2007 to the Chairmen of the Supervisory and Managing boards of ABN AMRO to express the Proposal Banks' interest in putting forward a proposal for the acquisition of ABN AMRO and their preference to work with ABN AMRO to make an offer to ABN AMRO shareholders. The Proposal Banks requested access to the same due diligence information given to Barclays.

In response to this letter, a meeting between the Proposal Banks and ABN AMRO was arranged for 23 April 2007 when the Proposal Banks would clarify their intentions and interests and allow their proposals to be considered by the Board of ABN AMRO alongside any proposals from Barclays.

However, on 23 April 2007 ABN AMRO and Barclays announced that they had reached agreement on the terms of a merger, and ABN AMRO announced that it had decided to sell LaSalle Bank to Bank of America. In view of these developments, the Proposal Banks requested further information to understand the circumstances under which the sale of LaSalle Bank can be terminated. Accordingly, the Proposal Banks did not consider it appropriate to meet with ABN AMRO as arranged.

On 25 April 2007, the Proposal Banks announced the key aspects of the potential transaction, including a price indication of Euro 39 per share (including the ABN AMRO 2006 final dividend of Euro 0.60 per share) with approximately 70% of the consideration payable in cash and 30% in shares of The Royal Bank of Scotland Group plc.

² Total deposits include deposits from bank and customer accounts.

The Proposal Banks submitted an offer for LaSalle Bank to ABN AMRO on 5 May 2007, which was rejected on 6 May 2007. The price proposed for LaSalle Bank was materially greater than the offer from Bank of America and if it had been accepted by ABN AMRO and not matched by Bank of America, it would have led to a public offer from the Proposal Banks for ABN AMRO on terms consistent with the proposals announced by the Proposal Banks on 25 April 2007.

The information contained herein with respect to The Royal Bank of Scotland plc and the RBS Group relates to and has been obtained from it. Delivery of this Note Issue Supplement shall not create any implication that there has been no change in the affairs of The Royal Bank of Scotland plc or the RBS Group since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

Specialist Mortgage Services Limited

Specialist Mortgage Services Limited will, in relation to the Series, be the Series Portfolio Servicer.

Specialist Mortgage Services Limited is a wholly owned subsidiary of Scarborough Building Society. It was founded in 1990 to provide third party mortgage administration services. Specialist Mortgage Services Limited is authorised and regulated by the Financial Services Authority (Ref No 303216) and is based at Prospect House, PO Box 72, Scarborough, North Yorkshire, YO11 3WW and is a company incorporated in England and Wales (Reg No 02466320).

Specialist Mortgage Services Limited services £2.5 billion of mortgage assets and has been appointed portfolio servicer on a number of securitisations, including the Clavis Series 2006-01 securitisation. Specialist Mortgage Services Limited has the following servicer ratings from Fitch in respect of its residential primary and special servicer ratings: "RPS2-(minus)(Prime)(UK)", "RPS2-(minus)(sub-prime)(UK)" and "RSS3+UK".

HSBC Bank plc

HSBC Bank plc is the General Account Provider and will, in relation to the Series, be the Series Note Registrar, the Series Note Calculation Agent, the Series Transaction Account Provider and the Series Portfolio Collection Account Provider.

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services. HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name of Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December 1992, Midland Bank plc became a wholly-owned subsidiary undertaking of HSBC Holdings plc ("**HSBC Holdings**"), whose Head Office is at 8 Canada Square, London, E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999. HSBC Holdings is listed on the London, Hong Kong, New York, Paris and Bermuda Stock Exchanges.

HSBC Holdings and its subsidiaries ("**HSBC Group**") is one of the largest banking and financial services organisations in the world, with over 10,000 offices in 82 countries and territories in five geographical regions: Europe; Hong Kong; the rest of Asia-Pacific, including the Middle East and Africa; North America; and South America. Its total assets at 30 June 2006 were £942 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short-term unsecured obligations of HSBC Bank plc are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations of HSBC Bank plc are currently rated AA- by S&P, Aa2 by Moody's, and AA by Fitch.

HSBC Bank plc is regulated pursuant to the Financial Services and Markets Act 2000 and is an authorised institution supervised by the Financial Services Authority. In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to file certain financial information with the offices of the SEC. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

HSBC Trustee (C.I.) Limited

HSBC Trustee (C.I.) Limited is the Security Trustee and will, in relation to the Series, be the Series Note Trustee.

HSBC Trustee (C.I.) Limited was incorporated with limited liability in Jersey on 10 February 1967 for an unlimited duration. Its fully paid share capital totals £4,000,000. Its ultimate holding company is HSBC

Holdings plc, which is incorporated in England. Its principal business activity is to provide trustee and company administration services. It is regulated by the Jersey Financial Services Commission.

Structured Finance Management Limited

Structured Finance Management Limited is the Corporate Servicer.

Structured Finance Management Limited was incorporated on 1st October 1999 in England and Wales under the Companies Act 1985 and 1989 (registration number 3853947) and its registered office is at 35 Great St. Helen's, London EC3A 6AP.

Structured Finance Management Limited acting through its various subsidiaries is appointed to provide independent directors, corporate services and share trusteeship to the transaction pursuant to a Corporate Services Agreement and a Share Declaration of Trust.

Structured Finance Management Limited was established to provide independent directors and administrative services to special purpose vehicles (SPVs) set up in connection with securitisation, project and structured finance transactions. Structured Finance Management Limited has supplied directors and/or management services to approximately 400 transactions located in the Channel Islands, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain and the UK.

Structured Finance Management Limited's executive management team, comprised of City professionals, all have extensive and direct experience of origination, transaction management and execution in the international capital markets. The transaction management and compliance teams of Structured Finance Management Limited provide a technically qualified service to meet the demands of the regulatory, legal and accounting environments. Additional information on Structured Finance Management Limited is available at www.sfmlimited.com.

ADDITIONAL INFORMATION ABOUT THE SERIES NOTES

The following is a summary of certain aspects relating to the Series Notes by way of supplement to the aspects summarised in the sections entitled *1 Important Information about this Document* and *10 Issue and Certain Features of the Notes in the Note Programme Memorandum*.

Note Issue Initial Subscribers

The Note Issue Initial Subscribers in relation to the Note Issue to which this Note Issue Supplement relates are the Note Issue Managers. The issue of the Notes in the Series was authorised pursuant to a resolution of the board of directors of the Issuer passed on 24 May 2007.

Selling and investment restrictions

The Series Notes are subject to the following restrictions:

- **United States of America**

The Series Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person and the Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Series Notes may only be offered, sold, resold, delivered or transferred outside the United States to non-U.S. persons in reliance on Rule 903 or 904 of Regulation S.

- (1) In connection with sales outside the United States, each Note Issue Manager has agreed under the Note Issue Subscription Agreement in relation to the Series Notes that, except for sales in accordance with the preceding paragraph, it will not offer, sell or deliver the Series Notes to, or for the account or benefit of U.S. persons (a) as part of such Note Issue Manager's distribution of the Series Notes at any time or (b) otherwise during the Regulation S Distribution Compliance Period, and, accordingly, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Series Notes and it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the U.S. Securities Act to the extent applicable.
- (2) Each Note Issue Manager has agreed under the Note Issue Subscription Agreement in relation to the Series Notes that, at or prior to confirmation of sales of the Series Notes, it will have sent to each distributor, dealer or other person to which it sells any of the Series Notes during the Regulation S Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Series Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the end of the Regulation S Distribution Compliance Period, the offer or sale of any Series Notes within the United States by a distributor, dealer or other person that is not participating in the offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the U.S. Securities Act.
- (3) Each Note Issue Manager will represent in the Note Issue Subscription Agreement in relation to the Series Notes that it has not sold any Series Notes within the United States.

- **United Kingdom**

Each Note Issue Manager will represent, warrant and agree under the Note Issue Subscription Agreement that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Series Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Series Notes in, from or otherwise involving the United Kingdom.

Estimated average lives of the Notes

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a Note to the date of distribution to the investor of amounts distributed in net reduction of principal of such Note

(assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans in the relevant Series Portfolio.

The tables set forth below were produced using a financial model in which, among other things, it is assumed that prepayments of principal occur in respect of the Mortgage Loans included in the Series Portfolio each month at the indicated assumed constant per annum rates of prepayment ("**CPR**") relative to the then outstanding Current Balances of such Mortgage Loans. CPR does not purport to be either a historical description of the prepayment experience of any pool of Mortgage Loans or a prediction of the expected rate of prepayment of Mortgage Loans, including the Mortgage Loans to be included in the Series Portfolio. CPR is an annual prepayment rate. To estimate monthly prepayments, CPR must be converted into a monthly prepayment rate, commonly referred to as the single monthly mortality rate ("**SMM**"). The following formula was used to determine the SMM for a given CPR: $SMM = 1 - (1 - CPR)^{(1/12)}$.

The tables set forth below were prepared based on the characteristics of the Mortgage Loans at 31 March 2007 from which the Series Portfolio will be selected and the following additional assumptions:

- (a) no Mortgage Loan is sold by the Issuer;
- (b) the Series Principal Deficiency Record remains at zero;
- (c) no delinquency or enforcement arises in respect of any Mortgage Loan;
- (d) the portfolio composition of Mortgage Loan characteristics remain the same throughout the life of the Notes;
- (e) all of the Notes in the Series are denominated in GBP and the Benchmark Rate in respect of the Notes in the Series is 5.55% and remains constant;
- (f) no Mortgage Further Advances have been extended on any Mortgage Loan;
- (g) no Mortgage is sold by the Issuer;
- (h) a Series Principal Pro Rata Waterfall Trigger Date occurs at the earliest possible date and the Notes amortise following the Series Principal Pro Rata Waterfall as from that date;
- (i) (for the purposes of the tables set out under the heading *Tables where the Note Optional Redemption Assumption applies* below) all Notes are redeemed in full at the first optional redemption date where the aggregate GBP Equivalent Note Principal Amount Outstanding of the Notes is less than 10% of the aggregate GBP Equivalent Note Initial Principal Amount of the Notes (the "**Note Optional Redemption Assumption**");
- (j) the Notes pay interest on an Actual/365 day basis (or a 366 day basis if the last day of such period falls in a leap year);
- (k) the Bank of England Repo rate is 5.25% and remains constant;
- (l) the three month London inter-bank offered rate is 5.55% and remains constant; and
- (m) the Note Issue Closing Date is 30 May 2007.

The actual characteristics and performance of the Mortgage Loans in the Series Portfolio are likely to differ from the assumptions used in preparing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that those Mortgage Loans will prepay at a constant rate until maturity, that all of those Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on those Mortgage Loans. Any difference between such assumptions and the actual characteristics and performance of those Mortgage Loans will cause the weighted average life of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR. Subject to foregoing discussions and assumptions, the following tables indicate the estimated weighted average lives of the Notes in years calculated on an Actual/365 basis.

Notes to each of the following tables:

¹ The 10/20% column relates to a CPR of 10% for the first 12 months followed by a CPR of 20% thereafter.

² The 15/35% row relates to a CPR of 15% for the first 12 months followed by a CPR of 35% thereafter.

Tables where the Note Optional Redemption Assumption applies

| Class A1 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|------|------|------|------|------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 9.52 | 5.87 | 4.20 | 3.19 | 2.54 | 2.10 | 2.94 |
| | 5% | 3.28 | 2.43 | 1.98 | 1.67 | 1.45 | 1.28 | 1.69 |
| | 10% | 1.82 | 1.53 | 1.33 | 1.18 | 1.07 | 0.97 | 1.24 |
| | 15% | 1.26 | 1.12 | 1.01 | 0.93 | 0.86 | 0.80 | 0.98 |
| | 20% | 0.97 | 0.89 | 0.83 | 0.77 | 0.73 | 0.68 | 0.82 |
| | 25% | 0.79 | 0.74 | 0.70 | 0.66 | 0.63 | 0.60 | 0.70 |
| | 35% | 0.59 | 0.57 | 0.54 | 0.53 | 0.51 | 0.50 | 0.54 |
| | 15/35% ² | 1.04 | 0.98 | 0.92 | 0.86 | 0.82 | 0.78 | 0.90 |

| Class A2 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|------|------|------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 16.86 | 13.31 | 11.33 | 9.98 | 9.03 | 8.34 | 9.22 |
| | 5% | 8.93 | 6.77 | 5.57 | 4.81 | 4.26 | 3.84 | 4.48 |
| | 10% | 5.39 | 4.29 | 3.68 | 3.25 | 2.94 | 2.69 | 3.13 |
| | 15% | 3.68 | 3.12 | 2.75 | 2.48 | 2.27 | 2.10 | 2.44 |
| | 20% | 2.77 | 2.43 | 2.19 | 2.01 | 1.86 | 1.74 | 2.01 |
| | 25% | 2.19 | 1.98 | 1.81 | 1.68 | 1.57 | 1.47 | 1.71 |
| | 35% | 1.52 | 1.42 | 1.33 | 1.26 | 1.19 | 1.12 | 1.31 |
| | 15/35% ² | 2.13 | 1.98 | 1.87 | 1.78 | 1.68 | 1.61 | 1.79 |

| Class A3 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|-------|-------|-------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 22.78 | 21.75 | 21.03 | 20.77 | 20.63 | 20.55 | 20.63 |
| | 5% | 19.45 | 16.76 | 15.10 | 14.36 | 13.82 | 13.57 | 13.99 |
| | 10% | 16.56 | 12.83 | 11.16 | 10.13 | 9.61 | 9.24 | 9.68 |
| | 15% | 14.69 | 10.79 | 8.81 | 7.87 | 7.26 | 6.89 | 7.48 |
| | 20% | 13.44 | 9.21 | 7.45 | 6.51 | 5.97 | 5.55 | 6.10 |
| | 25% | 12.56 | 8.31 | 6.44 | 5.59 | 5.06 | 4.73 | 5.24 |
| | 35% | 11.54 | 7.18 | 5.19 | 4.42 | 3.92 | 3.57 | 4.15 |
| | 15/35% ² | 11.97 | 7.56 | 5.57 | 4.83 | 4.33 | 4.11 | 4.53 |

| Class AZ Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|-------|-------|-------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 23.20 | 21.82 | 21.22 | 20.80 | 20.66 | 20.65 | 20.71 |
| | 5% | 19.63 | 16.97 | 15.34 | 14.48 | 14.08 | 13.82 | 14.05 |
| | 10% | 16.85 | 12.91 | 11.34 | 10.36 | 9.73 | 9.43 | 9.89 |
| | 15% | 14.99 | 10.92 | 8.94 | 8.13 | 7.55 | 7.14 | 7.57 |
| | 20% | 13.82 | 9.56 | 7.57 | 6.62 | 6.02 | 5.80 | 6.27 |
| | 25% | 13.11 | 8.47 | 6.56 | 5.62 | 5.27 | 4.79 | 5.28 |
| | 35% | 12.09 | 7.37 | 5.54 | 4.53 | 4.14 | 3.88 | 4.21 |
| | 15/35% ² | 12.16 | 7.62 | 5.86 | 4.93 | 4.56 | 4.14 | 4.63 |

Class M1 Notes

CPR (%) of Investment Home Mortgages

| | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
|---------------------|-------|-------|-------|-------|-------|-------|---------------------|
| 0% | 23.20 | 21.82 | 21.22 | 20.80 | 20.66 | 20.65 | 20.71 |
| 5% | 19.63 | 16.97 | 15.34 | 14.48 | 14.08 | 13.82 | 14.05 |
| 10% | 16.85 | 12.91 | 11.34 | 10.36 | 9.73 | 9.43 | 9.89 |
| 15% | 14.99 | 10.92 | 8.94 | 8.13 | 7.55 | 7.14 | 7.57 |
| 20% | 13.82 | 9.56 | 7.57 | 6.62 | 6.02 | 5.80 | 6.27 |
| 25% | 13.11 | 8.47 | 6.56 | 5.62 | 5.27 | 4.79 | 5.28 |
| 35% | 12.09 | 7.37 | 5.54 | 4.53 | 4.14 | 3.88 | 4.21 |
| 15/35% ² | 12.16 | 7.62 | 5.86 | 4.93 | 4.56 | 4.14 | 4.63 |

Class M2 Notes

CPR (%) of Investment Home Mortgages

| | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
|---------------------|-------|-------|-------|-------|-------|-------|---------------------|
| 0% | 23.20 | 21.82 | 21.22 | 20.80 | 20.66 | 20.65 | 20.71 |
| 5% | 19.63 | 16.97 | 15.34 | 14.48 | 14.08 | 13.82 | 14.05 |
| 10% | 16.85 | 12.91 | 11.34 | 10.36 | 9.73 | 9.43 | 9.89 |
| 15% | 14.99 | 10.92 | 8.94 | 8.13 | 7.55 | 7.14 | 7.57 |
| 20% | 13.82 | 9.56 | 7.57 | 6.62 | 6.02 | 5.80 | 6.27 |
| 25% | 13.11 | 8.47 | 6.56 | 5.62 | 5.27 | 4.79 | 5.28 |
| 35% | 12.09 | 7.37 | 5.54 | 4.53 | 4.14 | 3.88 | 4.21 |
| 15/35% ² | 12.16 | 7.62 | 5.86 | 4.93 | 4.56 | 4.14 | 4.63 |

Class B1 Notes

CPR (%) of Investment Home Mortgages

| | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
|---------------------|-------|-------|-------|-------|-------|-------|---------------------|
| 0% | 23.20 | 21.82 | 21.22 | 20.80 | 20.66 | 20.65 | 20.71 |
| 5% | 19.63 | 16.97 | 15.34 | 14.48 | 14.08 | 13.82 | 14.05 |
| 10% | 16.85 | 12.91 | 11.34 | 10.36 | 9.73 | 9.43 | 9.89 |
| 15% | 14.99 | 10.92 | 8.94 | 8.13 | 7.55 | 7.14 | 7.57 |
| 20% | 13.82 | 9.56 | 7.57 | 6.62 | 6.02 | 5.80 | 6.27 |
| 25% | 13.11 | 8.47 | 6.56 | 5.62 | 5.27 | 4.79 | 5.28 |
| 35% | 12.09 | 7.37 | 5.54 | 4.53 | 4.14 | 3.88 | 4.21 |
| 15/35% ² | 12.16 | 7.62 | 5.86 | 4.93 | 4.56 | 4.14 | 4.63 |

Class B2 Notes

CPR (%) of Investment Home Mortgages

| | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
|---------------------|-------|-------|-------|-------|-------|-------|---------------------|
| 0% | 23.20 | 21.82 | 21.22 | 20.80 | 20.66 | 20.65 | 20.71 |
| 5% | 19.63 | 16.97 | 15.34 | 14.48 | 14.08 | 13.82 | 14.05 |
| 10% | 16.85 | 12.91 | 11.34 | 10.36 | 9.73 | 9.43 | 9.89 |
| 15% | 14.99 | 10.92 | 8.94 | 8.13 | 7.55 | 7.14 | 7.57 |
| 20% | 13.82 | 9.56 | 7.57 | 6.62 | 6.02 | 5.80 | 6.27 |
| 25% | 13.11 | 8.47 | 6.56 | 5.62 | 5.27 | 4.79 | 5.28 |
| 35% | 12.09 | 7.37 | 5.54 | 4.53 | 4.14 | 3.88 | 4.21 |
| 15/35% ² | 12.16 | 7.62 | 5.86 | 4.93 | 4.56 | 4.14 | 4.63 |

Tables where the Note Optional Redemption Assumption does not apply

| Class A1 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|------|------|------|------|------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 9.52 | 5.87 | 4.20 | 3.19 | 2.54 | 2.10 | 2.94 |
| | 5% | 3.28 | 2.43 | 1.98 | 1.67 | 1.45 | 1.28 | 1.69 |
| | 10% | 1.82 | 1.53 | 1.33 | 1.18 | 1.07 | 0.97 | 1.24 |
| | 15% | 1.26 | 1.12 | 1.01 | 0.93 | 0.86 | 0.80 | 0.98 |
| | 20% | 0.97 | 0.89 | 0.83 | 0.77 | 0.73 | 0.68 | 0.82 |
| | 25% | 0.79 | 0.74 | 0.70 | 0.66 | 0.63 | 0.60 | 0.70 |
| | 35% | 0.59 | 0.57 | 0.54 | 0.53 | 0.51 | 0.50 | 0.54 |
| | 15/35% ² | 1.04 | 0.98 | 0.92 | 0.86 | 0.82 | 0.78 | 0.90 |

| Class A2 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|------|------|------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 16.86 | 13.31 | 11.33 | 9.98 | 9.03 | 8.34 | 9.22 |
| | 5% | 8.93 | 6.77 | 5.57 | 4.81 | 4.26 | 3.84 | 4.48 |
| | 10% | 5.39 | 4.29 | 3.68 | 3.25 | 2.94 | 2.69 | 3.13 |
| | 15% | 3.68 | 3.12 | 2.75 | 2.48 | 2.27 | 2.10 | 2.44 |
| | 20% | 2.77 | 2.43 | 2.19 | 2.01 | 1.86 | 1.74 | 2.01 |
| | 25% | 2.19 | 1.98 | 1.81 | 1.68 | 1.57 | 1.47 | 1.71 |
| | 35% | 1.52 | 1.42 | 1.33 | 1.26 | 1.19 | 1.12 | 1.31 |
| | 15/35% ² | 2.13 | 1.98 | 1.87 | 1.78 | 1.68 | 1.61 | 1.79 |

| Class A3 Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|-------|-------|-------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 22.97 | 21.93 | 21.21 | 20.95 | 20.80 | 20.72 | 20.80 |
| | 5% | 19.52 | 16.76 | 15.32 | 14.60 | 14.11 | 13.86 | 14.24 |
| | 10% | 16.56 | 13.33 | 11.51 | 10.51 | 10.01 | 9.65 | 10.08 |
| | 15% | 14.69 | 11.16 | 9.24 | 8.20 | 7.59 | 7.22 | 7.80 |
| | 20% | 13.44 | 9.72 | 7.85 | 6.83 | 6.27 | 5.82 | 6.38 |
| | 25% | 12.56 | 8.91 | 6.89 | 5.92 | 5.29 | 4.96 | 5.50 |
| | 35% | 11.54 | 7.82 | 5.67 | 4.73 | 4.14 | 3.75 | 4.38 |
| | 15/35% ² | 11.97 | 8.22 | 6.05 | 5.13 | 4.54 | 4.28 | 4.76 |

| Class AZ Notes | | CPR (%) of Investment Home Mortgages | | | | | | |
|-------------------------------------|---------------------|--------------------------------------|-------|-------|-------|-------|-------|---------------------|
| | | 0% | 5% | 10% | 15% | 20% | 25% | 10/20% ¹ |
| CPR (%) of Owner Occupied Mortgages | 0% | 23.51 | 22.10 | 21.48 | 21.07 | 20.92 | 20.91 | 20.97 |
| | 5% | 19.73 | 16.97 | 15.64 | 14.80 | 14.51 | 14.25 | 14.43 |
| | 10% | 16.85 | 13.71 | 12.36 | 11.52 | 10.88 | 10.61 | 11.05 |
| | 15% | 14.99 | 11.83 | 10.08 | 9.12 | 8.59 | 8.20 | 8.56 |
| | 20% | 13.82 | 10.81 | 8.67 | 7.60 | 6.89 | 6.63 | 7.11 |
| | 25% | 13.11 | 9.81 | 7.86 | 6.59 | 6.04 | 5.50 | 6.09 |
| | 35% | 12.09 | 8.79 | 7.05 | 5.57 | 4.88 | 4.49 | 4.96 |
| | 15/35% ² | 12.16 | 9.03 | 7.39 | 5.94 | 5.29 | 4.69 | 5.37 |

| <i>Class M1 Notes</i> | | <i>CPR (%) of Investment Home Mortgages</i> | | | | | | |
|--|---------------------------|---|-----------|------------|------------|------------|------------|---------------------------|
| | | <i>0%</i> | <i>5%</i> | <i>10%</i> | <i>15%</i> | <i>20%</i> | <i>25%</i> | <i>10/20%¹</i> |
| <i>CPR (%) of Owner Occupied Mortgages</i> | <i>0%</i> | 23.52 | 22.11 | 21.50 | 21.08 | 20.93 | 20.92 | 20.98 |
| | <i>5%</i> | 19.74 | 17.08 | 15.64 | 14.80 | 14.51 | 14.25 | 14.43 |
| | <i>10%</i> | 16.85 | 13.71 | 12.37 | 11.66 | 11.07 | 10.82 | 11.26 |
| | <i>15%</i> | 14.99 | 11.85 | 10.47 | 9.38 | 8.81 | 8.45 | 8.76 |
| | <i>20%</i> | 13.82 | 10.84 | 9.07 | 7.91 | 7.16 | 6.89 | 7.39 |
| | <i>25%</i> | 13.11 | 9.83 | 8.20 | 6.92 | 6.26 | 5.72 | 6.32 |
| | <i>35%</i> | 12.09 | 8.82 | 7.35 | 5.91 | 5.15 | 4.70 | 5.22 |
| | <i>15/35%²</i> | 12.16 | 9.06 | 7.68 | 6.28 | 5.56 | 4.88 | 5.63 |

| <i>Class M2 Notes</i> | | <i>CPR (%) of Investment Home Mortgages</i> | | | | | | |
|--|---------------------------|---|-----------|------------|------------|------------|------------|---------------------------|
| | | <i>0%</i> | <i>5%</i> | <i>10%</i> | <i>15%</i> | <i>20%</i> | <i>25%</i> | <i>10/20%¹</i> |
| <i>CPR (%) of Owner Occupied Mortgages</i> | <i>0%</i> | 23.52 | 22.11 | 21.50 | 21.08 | 20.93 | 20.92 | 20.98 |
| | <i>5%</i> | 19.74 | 17.34 | 15.75 | 14.93 | 14.60 | 14.35 | 14.54 |
| | <i>10%</i> | 16.85 | 13.71 | 12.40 | 11.68 | 11.09 | 10.84 | 11.28 |
| | <i>15%</i> | 14.99 | 11.85 | 10.57 | 9.76 | 9.18 | 8.80 | 9.11 |
| | <i>20%</i> | 13.82 | 10.84 | 9.39 | 8.15 | 7.46 | 7.20 | 7.68 |
| | <i>25%</i> | 13.11 | 9.83 | 8.65 | 7.23 | 6.56 | 5.97 | 6.63 |
| | <i>35%</i> | 12.09 | 8.82 | 7.88 | 6.33 | 5.45 | 4.97 | 5.50 |
| | <i>15/35%²</i> | 12.16 | 9.06 | 8.23 | 6.69 | 5.86 | 5.11 | 5.91 |

| <i>Class B1 Notes</i> | | <i>CPR (%) of Investment Home Mortgages</i> | | | | | | |
|--|---------------------------|---|-----------|------------|------------|------------|------------|---------------------------|
| | | <i>0%</i> | <i>5%</i> | <i>10%</i> | <i>15%</i> | <i>20%</i> | <i>25%</i> | <i>10/20%¹</i> |
| <i>CPR (%) of Owner Occupied Mortgages</i> | <i>0%</i> | 23.52 | 22.11 | 21.50 | 21.08 | 20.93 | 20.92 | 20.98 |
| | <i>5%</i> | 19.74 | 17.44 | 16.33 | 15.46 | 15.19 | 14.93 | 15.10 |
| | <i>10%</i> | 17.34 | 13.77 | 12.41 | 11.70 | 11.11 | 10.86 | 11.30 |
| | <i>15%</i> | 15.27 | 11.85 | 10.59 | 9.96 | 9.56 | 9.22 | 9.44 |
| | <i>20%</i> | 14.05 | 10.84 | 9.44 | 8.66 | 7.83 | 7.57 | 8.05 |
| | <i>25%</i> | 13.32 | 9.83 | 8.73 | 7.72 | 6.97 | 6.37 | 7.03 |
| | <i>35%</i> | 12.30 | 8.82 | 7.99 | 6.81 | 5.93 | 5.36 | 5.97 |
| | <i>15/35%²</i> | 12.38 | 9.06 | 8.36 | 7.18 | 6.36 | 5.44 | 6.38 |

| <i>Class B2 Notes</i> | | <i>CPR (%) of Investment Home Mortgages</i> | | | | | | |
|--|---------------------------|---|-----------|------------|------------|------------|------------|---------------------------|
| | | <i>0%</i> | <i>5%</i> | <i>10%</i> | <i>15%</i> | <i>20%</i> | <i>25%</i> | <i>10/20%¹</i> |
| <i>CPR (%) of Owner Occupied Mortgages</i> | <i>0%</i> | 23.52 | 22.11 | 21.50 | 21.08 | 20.93 | 20.92 | 20.98 |
| | <i>5%</i> | 19.74 | 17.46 | 16.49 | 15.59 | 15.36 | 15.10 | 15.25 |
| | <i>10%</i> | 17.62 | 14.44 | 13.00 | 12.26 | 11.66 | 11.41 | 11.85 |
| | <i>15%</i> | 15.70 | 12.25 | 10.79 | 10.12 | 9.76 | 9.44 | 9.62 |
| | <i>20%</i> | 14.51 | 11.14 | 9.53 | 8.89 | 8.37 | 8.19 | 8.58 |
| | <i>25%</i> | 13.81 | 10.11 | 8.81 | 8.11 | 7.62 | 6.99 | 7.69 |
| | <i>35%</i> | 12.79 | 9.10 | 8.06 | 7.32 | 6.67 | 6.12 | 6.66 |
| | <i>15/35%²</i> | 12.84 | 9.33 | 8.43 | 7.69 | 7.11 | 6.10 | 7.08 |

Yield in respect of the Series Notes

The following table indicates the estimated yield in respect of each Class of Notes, such yield being calculated on the basis that (a) the Series Principal Deficiency Record remains at zero, (b) the relevant investor holds the Notes until the relevant Principal Repayment Final Maturity Date, and (c) such investor purchases the Notes at the relevant Note Issue Price on the Note Issue Closing Date:

| <i>Class of Notes</i> | <i>Yield</i> |
|-----------------------|---|
| Class A1a Notes | The applicable Benchmark Rate plus 0.080% |
| Class A1b Notes | The applicable Benchmark Rate plus 0.070% |
| Class A2a Notes | The applicable Benchmark Rate plus 0.125% |
| Class A3a Notes | The applicable Benchmark Rate plus 0.170% |

| <i>Class of Notes</i> | <i>Yield</i> |
|-----------------------|---|
| Class A3b Notes | The applicable Benchmark Rate plus 0.150% |
| Class AZa Notes | The applicable Benchmark Rate plus 0.200% |
| Class M1a Notes | The applicable Benchmark Rate plus 0.270% |
| Class M1b Notes | The applicable Benchmark Rate plus 0.270% |
| Class M2a Notes | The applicable Benchmark Rate plus 0.450% |
| Class M2b Notes | The applicable Benchmark Rate plus 0.450% |
| Class B1a Notes | The applicable Benchmark Rate plus 1.150% |
| Class B1b Notes | The applicable Benchmark Rate plus 1.150% |
| Class B2a Notes | The applicable Benchmark Rate plus 4.000% |

Use of proceeds

The gross proceeds from the issue of the Notes on the Note Issue Closing Date will be GBP Equivalent 556,840,201.

The net proceeds of the issue of the Notes on the Note Issue Closing Date (after payment to the Note Issue Managers of their management and underwriting fees and selling commission, being part of the expenses of the issue of the Notes) are expected to amount to approximately GBP Equivalent 556,141,182 and will be applied on the Note Issue Closing Date as indicated in 13.9(16) *Application of amounts on Note Issue Closing Date* in the Series Specific Provisions.

The Issuer understands that the Series Portfolio Seller intends to apply all or part of the amount it receives from the Issuer on the Note Issue Closing Date in or towards discharge of indebtedness owing by the Series Portfolio Seller to WestLB AG, London Branch (being the Programme Financial Servicer and Note Programme Arranger and being a branch office of the Note Issue Lead Manager).

Expenses related to admission to trading on Regulated Market

The Issuer estimates that the total expenses incurred or to be incurred by the Issuer in relation to the admission of the Notes to trading on the London GEFI Market will be approximately GBP 7,650.

Notes outstanding under other Series

| <i>Initial principal amount</i> | <i>Class</i> | <i>Issue date</i> | <i>Final maturity</i> |
|---------------------------------|--------------------------------|-------------------|-----------------------|
| GBP 100,000,000 | Series 2006-01 Class A1a Notes | 15 June 2006 | December 2031 |
| EUR 89,500,000 | Series 2006-01 Class A1b Notes | 15 June 2006 | December 2031 |
| GBP 100,000,000 | Series 2006-01 Class A2a Notes | 15 June 2006 | December 2031 |
| GBP 125,000,000 | Series 2006-01 Class A3a Notes | 15 June 2006 | December 2031 |
| EUR 181,950,000 | Series 2006-01 Class A3b Notes | 15 June 2006 | December 2031 |
| GBP 12,250,000 | Series 2006-01 Class M1a Notes | 15 June 2006 | December 2039 |
| EUR 45,000,000 | Series 2006-01 Class M1b Notes | 15 June 2006 | December 2039 |
| GBP 24,000,000 | Series 2006-01 Class M2a Notes | 15 June 2006 | December 2039 |
| GBP 2,000,000 | Series 2006-01 Class B1a Notes | 15 June 2006 | December 2039 |
| EUR 16,800,000 | Series 2006-01 Class B1b Notes | 15 June 2006 | December 2039 |
| GBP 8,100,000 | Series 2006-01 Class B2a Notes | 15 June 2006 | December 2039 |

NOTE ISSUE SUPPLEMENT GLOSSARY

The following terms used in this Note Issue Supplement are defined on the page number specified below:

| | | | |
|---|------|--|------|
| Barclays Group | S-76 | Series Fixed Rate No.1 Hedge Provider | S-31 |
| CPR | S-81 | Series Fixed Rate No.2 Hedge Agreement | S-31 |
| Current Balance | S-69 | Series Fixed Rate No.2 Hedge Provider | S-31 |
| Current Note GBP Libor | S-10 | Series Investment No.1 Account | S-23 |
| Current Note Interest Payment Period | S-10 | Series Investment No.2 Account | S-23 |
| Danske Bank Group | S-76 | Series Liability | S-55 |
| EURIBOR | S-9 | Series Liability Allocation Date | S-55 |
| Excessive B1 Series Principal Deficiency | S-28 | Series Liquidity Facility Amount | S-26 |
| Excessive B2 Series Principal Deficiency | S-28 | Series Liquidity Facility Amount Reduction Freeze Date | S-27 |
| Excessive M1 Series Principal Deficiency | S-28 | Series Liquidity Facility Amount Reduction Trigger Date | S-27 |
| Excessive M2 Series Principal Deficiency | S-28 | Series Liquidity Facility Available Amount | S-27 |
| Express Completion Insurer | S-16 | Series Liquidity Facility Available Period | S-30 |
| Express Completion Mortgage | S-66 | Series Liquidity Facility Collateral Drawing | S-30 |
| Express Completion Policy | S-16 | Series Liquidity Facility Drawings | S-30 |
| Financial Interest Only Policy | S-16 | Series Liquidity Facility Event Of Default | S-30 |
| General Distribution Administrator | S-55 | Series Liquidity Facility Final Maturity Date | S-30 |
| General Waterfall | S-54 | Series Liquidity Shortfall | S-28 |
| General Waterfall Rule | S-55 | Series Note Calculation Agent Fee | S-24 |
| GMAC-RFC | S-13 | Series Note Registrar Fee | S-24 |
| HSBC Group | S-78 | Series Note Trustee Fee | S-24 |
| HSBC Holdings | S-78 | Series Portfolio Data Date | S-15 |
| IFRS | S-61 | Series Portfolio Mortgage | S-64 |
| LIBOR | S-9 | Series Portfolio Purchase Deferred Residual Consideration | S-13 |
| NatWest | S-77 | Series Portfolio Servicer Replacement Appointment Date | S-20 |
| new UK GAAP | S-61 | Series Portfolio Servicer Replacement Fee | S-20 |
| Note Interest Rate Margin | S-10 | Series Portfolio Servicer Replacement Not Applicable Period | S-20 |
| Note Optional Redemption Assumption | S-81 | Series Portfolio Servicer Senior Fee | S-19 |
| Original LTV | S-64 | Series Portfolio Servicer Subordinated Fee | S-20 |
| Proposal Banks | S-77 | Series Principal Pro Rata Waterfall | S-45 |
| Quarterly Fixed Rate Hedged Note Interest | S-32 | Series Principal Pro Rata Waterfall Trigger Date | S-43 |
| Quarterly Fixed Rate Mortgage Interest | S-32 | Series Principal Sequential Waterfall | S-43 |
| RBS Group | S-77 | Series Principal Waterfall | S-43 |
| Restructuring Law | S-75 | Series Pro Rata Allocated Amount | S-56 |
| Securitisation Companies Tax Regulations | S-62 | Series Pro Rata Amount | S-56 |
| Series Cap Hedge Agreement | S-31 | Series Pro Rata Liability | S-56 |
| Series Cap Hedge Provider | S-31 | Series Pro Rata Total Amount | S-56 |
| Series Cap Hedge Transaction | S-31 | Series Realisation Waterfall | S-46 |
| Series Currency A1b Hedge Agreement | S-33 | Series Referable Amount | S-56 |
| Series Currency A1b Hedge Provider | S-33 | Series Referable Liability | S-55 |
| Series Currency A3b Hedge Agreement | S-33 | Series Reserve Discount Margin Fund | S-25 |
| Series Currency A3b Hedge Provider | S-33 | Series Reserve Discount Margin Ledger | S-23 |
| Series Currency B1b Hedge Agreement | S-33 | Series Reserve Support Required Amount Reduction Freeze Date | S-26 |
| Series Currency B1b Hedge Provider | S-33 | Series Reserve Support Required Amount Reduction Trigger Date | S-26 |
| Series Currency M1b Hedge Agreement | S-33 | Series Revenue Waterfall | S-39 |
| Series Currency M1b Hedge Provider | S-33 | Series Special Servicer Fee | S-22 |
| Series Currency M2b Hedge Agreement | S-33 | Series Treasurer Fee | S-22 |
| Series Currency M2b Hedge Provider | S-33 | Series Waterfall Rule | S-50 |
| Series Distribution Administrator | S-51 | SMM | S-81 |
| Series Distribution Principal EUR Ledger | S-23 | Standard Conveyancing Procedures | S-67 |
| Series Distribution Revenue EUR Ledger | S-23 | TARGET Business Day | S-10 |
| Series Distribution Scheme | S-35 | WAFF | S-18 |
| Series Fixed Rate Hedge Agreements | S-31 | WALS | S-18 |
| Series Fixed Rate Hedge Notional Amount | S-32 | WestLB Group | S-76 |
| Series Fixed Rate Hedge Providers | S-31 | | |
| Series Fixed Rate Hedge Transactions | S-32 | | |
| Series Fixed Rate No.1 Hedge Agreement | S-31 | | |

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