

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE SECURITIES REFERENCED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

This offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the offering circular, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of this offering circular by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia or (ii) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments and/or (ii) is a high net worth entity falling within Article 49(2)(a) to (e) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither RMAC Securities No. 1 Plc nor Deutsche Bank AG, London Branch, nor any person who controls any of them respectively (nor any director, officer, employee or agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from Deutsche Bank AG, London Branch.

RMAC SECURITIES NO. 1 PLC

(Incorporated with limited liability in England and Wales with registered number 5593541)

Mortgage Backed Medium Term Note Programme

Under this Mortgage Backed Medium Term Note Programme (the **Programme**), RMAC Securities No.1 Plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The Notes may be issued from time to time to one or more of the dealers as specified under "*The Parties*" (each a **Dealer**, and together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the relevant **Dealer(s)** shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to the Irish Financial Services Regulatory Authority (IFSRA), as competent authority under Directive 2003/71/EC (the **Prospectus Directive**), for this Offering Circular to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. This document constitutes the base prospectus (the **Base Prospectus**) for purposes of the Prospectus Directive in connection with the application for the Notes to be admitted to the Official List of the Irish Stock Exchange. Reference throughout this document to "Offering Circular" shall be taken to read "Base Prospectus".

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange's market for listed securities and have been admitted to the Official List of the Irish Stock Exchange. The Irish Stock Exchange's market for listed securities is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms supplement (the **Final Terms**) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the IFSRA and the Irish Stock Exchange on or before the date of issue of such Tranche of Notes.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer, the applicable Series Note Trustee (as defined under "*The Parties*"), the Security Trustee (as defined under "*The Parties*") and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. In addition, the Issuer may issue certificates in respect of Mortgage Early Repayment Charges (the **Series MERCs** and the holders thereof, the **Series MERC Holders**) and residual certificates (the **Series Residuals** and the holders thereof, the **Series Residual Holders**). The Series MERCs and the Series Residuals are not being offered by this Offering Circular and no application has or will be made to have the Series MERCs or the Series Residuals admitted to the Official List of The Irish Stock Exchange or any other Stock Exchange.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued.

The Issuer may agree with any Dealer and the relevant Series Note Trustee in respect of a Series that Notes may be issued in a form not contemplated by the Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List of the Irish Stock Exchange or to the official list of any other stock exchange) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Programme Arranger

DEUTSCHE BANK

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The date of this Offering Circular is 28 March 2006.

The Issuer (as **Responsible Person** for the purposes of the Prospectus Directive) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms and any supplement to this Offering Circular will be available from the registered office of the Issuer and the specified office set out below of the relevant Series Paying Agents.

The Notes will be obligations solely of the Issuer and unless specified otherwise in the relevant Supplement in respect of a Series Credit Support Provider will not be guaranteed by, or be the responsibility of, any other entity save that Securities Holdings will grant third party security over its assets as security for payment of the Notes. However, Securities Holdings does not guarantee the obligations of the Issuer and will have no obligation in respect of the Notes to the extent enforcement of the security over its assets provides insufficient funds to redeem the Notes in full. In particular, the Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of, GMAC-RFC Limited, the Programme Arranger, the Dealers, the Share Trustee, the Programme Account Bank, any Series Liquidity Provider, any Series Subordinated Facility Provider, any Series Hedge Provider, any Series Cap Provider, any Series Servicer, any Series Standby Servicer, the Security Trustee, any Series Note Trustee, any Series Account Bank, any Series Agent or the Corporate Service Provider or any affiliates of any of the foregoing.

Neither the Programme Arranger, the Dealers in respect of any Series, nor any Series Note Trustee nor the Security Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Programme Arranger, the Dealers in respect of any Series, any Series Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. Neither the Programme Arranger, the Dealers of any Series, nor any Series Note Trustee, nor the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme. Documents incorporated by reference do not form part of this Offering Circular.

This Offering Circular is submitted to investors for the use solely in connection with the consideration of the purchase of Notes, or other transactions exempt from registration under the Securities Act. In particular, this Offering Circular is not submitted to investors in connection with the consideration of the purchase of any Series MERCs or any Series Residuals.

No person is or has been authorised by the Issuer, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee.

Each initial and subsequent purchaser of the Notes will be deemed, by its acceptance of such Notes, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Offering Circular and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Notice to Investors*".

The Issuer, the Dealers, any Series Note Trustee and the Security Trustee make no representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations. See "*United States Legal Investment Considerations*".

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Seller, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any

Notes constitutes an offer or invitation by or on behalf of the Issuer, the Seller, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee to any person to subscribe for or to purchase any Notes.

Homeloan Management Limited accepts responsibility for the information contained in "*Homeloan Management Limited*" below. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Homeloan Management Limited as to the accuracy or completeness of any information contained in this Offering Circular (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Seller is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Programme Arranger, the Dealers of each Series, each Series Note Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Seller during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Programme Arranger, the Dealers of any Series, each Series Note Trustee and the Security Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Programme Arranger, the Dealers of any Series, any Series Note Trustee or the Security Trustee which would permit a public offering of any Notes outside the United Kingdom or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom), see "*Subscription and Sale and Transfer and Selling Restrictions*".

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts therefore.

U.S. INFORMATION

The Notes sold in reliance on Rule 144A (**Rule 144A**) under the Securities Act of 1933, as amended (the **Securities Act**), will be represented on issue by global notes in registered form for each of the Notes (the **Rule 144A Global Notes**). The Notes sold in reliance on Regulation S under the Securities Act (**Regulation S**) will be represented on issue by global notes in either bearer or registered form for each of the Notes. Such global notes in registered form are **Reg S Global Notes** and such global notes in bearer form are either temporary global notes (the **Temporary Global Notes**) or permanent global notes (the **Permanent Global Notes** and together with the Temporary Global Notes, the **Bearer Global Notes**). The Reg S Global Notes, together with the Rule 144A Global Notes, are the **Registered Global Notes** and together with the Bearer Global Notes, the **Global Notes**.

The Registered Global Notes may in certain circumstances be exchanged for definitive notes in registered form (the **Registered Definitive Notes** and together with the Registered Global Notes, the **Registered Notes**) and the Bearer Global Notes may in certain circumstances be exchanged for definitive notes in bearer form (the **Bearer Definitive Notes** and together with the Registered Definitive Notes, the **Definitive Notes**, and the Bearer Definitive Notes together with the Bearer Global Notes, the **Bearer Notes**).

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by

U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Offering Circular, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE BENEFIT OR ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THE NOTES MAY BE OFFERED AND SOLD IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE LAWS OF ANY STATE. THE NOTES MAY ALSO BE CONTEMPORANEOUSLY OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW.

THE NOTES CANNOT BE RESOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES AND TRANSFERS, SEE "FORM OF THE NOTES" AND "SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS".

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES (RSA) NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B OF THE RSA IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Notes pursuant to Rule 144A, for so long as any of the Notes are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon request of a holder of such a Note or of any beneficial owner thereof, to such holder, beneficial owner or a prospective purchaser designated by such holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

Information regarding the Notes and the performance of the Mortgage Pool is intended to be made available to Noteholders on the Internet at www.rmacinvestors.com on a quarterly basis.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the United States. Not all of the officers and directors of the Issuer are residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons not residing in the United States with respect to matters arising under the federal or state securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

DEFINED TERMS

Capitalised terms used in this Offering Circular have the meanings set out in the Glossary at the back of this Offering Circular unless they are defined where they first appear in this Offering Circular.

All references in this Offering Circular to *Sterling* and £ refer to pounds sterling, to *U.S. dollars*, *U.S.\$* and \$ refer to United States dollars and to *euro* and € refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers of any Series (if any) named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilising action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgements by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Managers have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto.

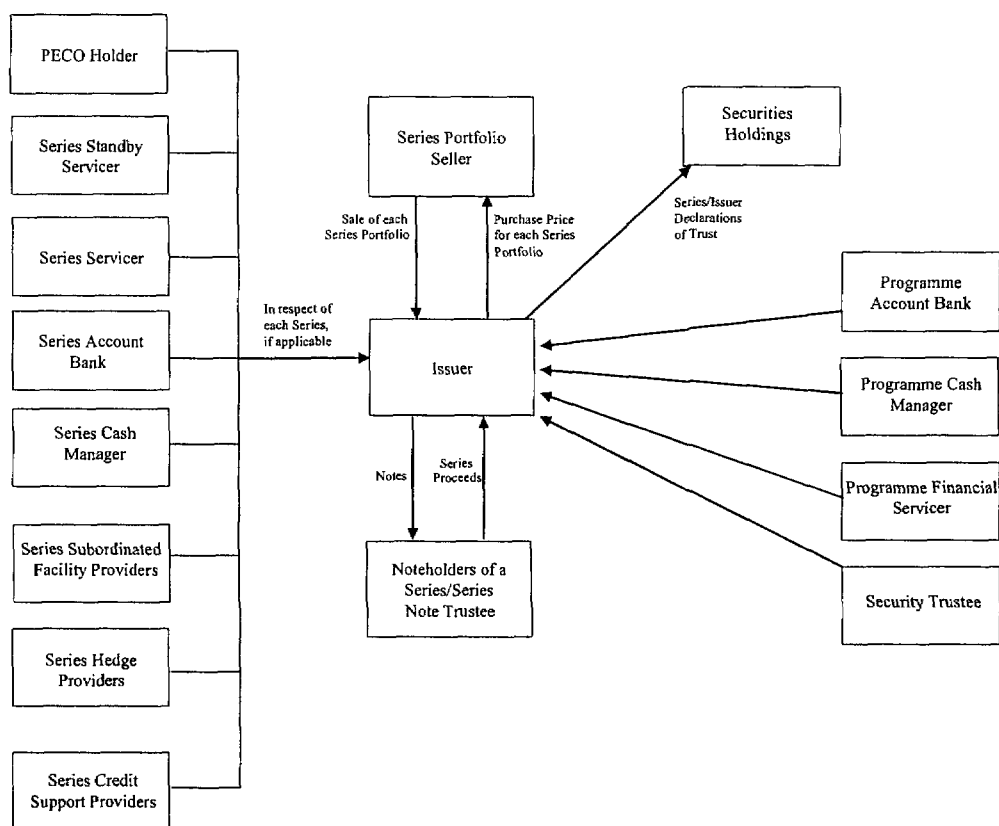
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STRUCTURE OVERVIEW

The information in this section is a summary of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the conditions of any particular Tranche of Notes, the applicable Final Terms.

Structure Diagram



STRUCTURE OVERVIEW

Programme:

Under the terms of the Programme, the Issuer may from time to time, subject to certain conditions, issue Series of Notes as described herein. The terms of each issue of Notes will be contained in the applicable Final Terms, which must be read in conjunction with the Offering Circular.

Purchase of Series Portfolio:

The Issuer will apply the proceeds of each Series of Notes (if not denominated in Sterling, after swapping the same into Sterling under the relevant Series Hedge Agreement), *inter alia*, to purchase from the Seller (i) on each Transfer Date a Series Completion Mortgage Pool together with its Related Security and (ii) if specified in the relevant Supplement, a Series Pre-Funded Mortgage Pool at the dates specified in the relevant Supplement, in each case in accordance with the terms of the relevant Series Portfolio Purchase Agreement dated the relevant Transfer Date and entered into by the Seller, the Issuer and the Security Trustee. The general characteristics of each Series Completion Mortgage Pool and Series Pre-Funded Mortgage Pool, if applicable, are described below under "The Series Portfolios", and further information regarding each Series Completion Mortgage Pool and Series Pre-Funded Mortgage Pool, if applicable, will be contained in the relevant Supplement to this Offering Circular, which will be prepared in connection with the sale of each Series Completion Mortgage Pool to the Issuer and the issue

of Notes in connection therewith. A Series Portfolio may also include any Consolidated Mortgage Loans, Substitute Mortgage Loans and Further Advances acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement, as described below under "*Transaction Documents – Series Portfolio Purchase Agreements*".

The Issuer may also use other funding sources (such as bank facilities) for the purchase of all or part of a Series Completion Mortgage Pool and/or Series Pre-Funded Mortgage Pool, if applicable.

The consideration payable to the Seller for the sale of each Series Completion Mortgage Pool and Series Pre-Funded Mortgage Pool, if applicable, on the applicable Transfer Date will be a combination of (i) a cash payment paid by the Issuer on the relevant Transfer Date and (ii) (A) Series MERCs and/or Series Residuals (as described below under "*Description of the Notes – Series Residuals*" and "*Description of the Notes – Series MERCs*") and/or (B) such other forms of payment obligations of the Issuer, as specified in the relevant Supplement (see below under "*Description of the Notes – Uncertificated Series MERCs and Series Residuals*"). Series Residuals will be paid in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement. Series MERCs will be paid from certain early repayment charges, as described below under "*Description of the Notes – Series MERCs*".

Mortgage Loans:

The security in respect of each Mortgage Loan will be a mortgage of, or standard security over, a residential property in England, Wales, Scotland or Northern Ireland. Mortgage Loans will be eligible for inclusion in a Series Portfolio, subject to satisfaction of the Transfer Conditions. See "*Transaction Documents – Series Portfolio Purchase Agreements – Transfer Conditions*" below.

Unless and until the Security in respect of the Series Assets becomes enforceable and the Security Trustee so directs, title to the Mortgage Loans and the Mortgages relating to such Series will not be perfected by the Issuer except in the circumstances specified in "*Transfer of Title of the Loans to the Issuer*" under "*Transaction Documents – Series Portfolio Purchase Agreements*" below.

Programme Financial Services:

Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date (as amended from time to time), GMAC-RFC Limited in its capacity as Programme Financial Servicer will from time to time identify Mortgage Loans to be purchased by the Issuer.

Servicing of Series Portfolios:

Pursuant to a series servicing agreement in respect of each Series dated on or about the relevant Transfer Date (the **Series Servicing Agreement**) entered into by the Issuer, the relevant Series Servicer and the Security Trustee, the Series Servicer will service the Series Portfolio sold by the Seller to the Issuer on such Transfer Date. A Series Servicer's duties in respect of the relevant Series Portfolio will include the collection of payments under the Mortgage Loans in such Series Portfolio from Borrowers and the transfer of collections from the GMAC-RFC Series Accounts and the Collection Trust Account into the relevant segregated Series Transaction Account, monitoring and recovering arrears, enforcing the Mortgage Loans in such Series Portfolio, determining and setting any discretionary rates and margins in relation to the Mortgage Loans in such Series

Portfolio, the preparation of a Series Servicer Report, assisting the Series Cash Manager in the preparation of the Series Investor Report in respect of such Series Portfolio and assisting the Programme Cash Manager in the preparation of the Programme Investor Report.

The appointment of the Series Servicer will be subject to certain termination events both on a Series basis and on a Programme basis as described below under "*Transaction Documents – Series Servicing Agreements – Termination of the Appointment of the Series Servicer*". Unless specified otherwise in the relevant Supplement, the Series Servicer in respect of each Series will be GMAC-RFC Limited. See further "*GMAC-RFC Limited*" below.

Each Series Servicer is permitted in respect of the relevant Series in specified circumstances or with the consent of the Issuer and the Security Trustee to subcontract or delegate the performance of its obligations under the relevant Series Servicing Agreement, subject to the applicable Rating Agencies confirming that the proposed arrangement does not adversely affect the then current ratings of the Notes of the relevant Series. In each case, the Series Servicer will, unless specified otherwise in the relevant Supplement, enter into a subcontracting arrangement with Homeloan Management Limited as discussed below under "*Transaction Documents – Series Servicing Agreements – Sub-Contracting and Delegation*". Notwithstanding any delegation or sub-contracting arrangements, the Series Servicer will remain primarily responsible for the performance of its obligations under the Series Servicing Agreement in respect of each Series.

Series Standby Servicing Agreements:

In respect of each Series, a Series standby servicer (the **Series Standby Servicer**) will be appointed in respect of each Series Portfolio under the terms of a series standby servicing agreement to be dated on or about the relevant Transfer Date and made between it, the relevant Series Servicer, the Issuer and the Security Trustee (the **Series Standby Servicing Agreement**). The terms of each Series Standby Servicing Agreement will provide that, if the appointment of the relevant Series Servicer is terminated, the Series Standby Servicer will assume the servicing functions in respect of the relevant Series. See "*Transaction Documents – Series Standby Servicing Agreements*". Unless specified otherwise in the relevant Supplement, the Series Standby Servicer in respect of each Series will be Homeloan Management Limited. See further "*Homeloan Management Limited*" below.

Programme Account:

Pursuant to the terms of the Programme Bank Account Agreement dated on or about the Programme Date, the Issuer will open with Barclays Bank PLC as Programme Account Bank a Programme Account for the purposes of the Programme.

Amounts standing to the credit of the Programme Account will be applied in accordance with the Programme Priority of Payments described below under "*Credit Structure – Programme Priority of Payments*".

The appointment of the Programme Account Bank will be subject to certain termination events as described below under "*Transaction Documents – Programme Bank Account Agreement*".

Series Accounts:

In connection with each Series of Notes, a Series Bank Account Agreement dated on or about the relevant Issue Date will be entered into by the Issuer and the relevant Series Account Bank pursuant to which, unless specified otherwise in the relevant Supplement, the

Issuer will open a Series Transaction Account and a Series GIC Account, which will be operated on a segregated basis for that Series. Pursuant to the terms of the relevant Series Bank Account Agreement, additional accounts in respect of the Series may be opened with the Series Account Bank.

Amounts received in respect of a Series from the Seller will be paid into the applicable Series Transaction Account, and such amounts will be kept segregated from and will not be commingled with any amounts received in respect of other Series.

Amounts standing to the credit of the Series Account in respect of the relevant Series will be applied in accordance with the Series Priorities of Payments in set out in the relevant Supplement.

The appointment of each Series Account Bank will be subject to certain termination events as described below under "*Transaction Documents – Series Bank Account Agreements*". Unless specified otherwise in the relevant Supplement, the Series Account Bank in respect of each Series will be Barclays Bank PLC. See further "*Barclays Bank PLC*" in the relevant Supplement.

**GMAC-RFC Series
Accounts/Collection Trust
Account:**

In respect of each Series, a segregated account will be opened in the name of GMAC-RFC Limited (each a **GMAC-RFC Series Account**) with the Collection Account Bank pursuant to the terms of the relevant Series Bank Account Agreement for receipt of amounts in respect of the Mortgage Loans in the relevant Series Portfolio that are received by direct debit. Such amounts will be swept on a daily basis from such GMAC-RFC Series Account into the relevant Series Transaction Account.

Amounts which represent receipts in respect of the Mortgage Loans that are received other than by direct debit will be deposited in the Collection Trust Account which is a GMAC-RFC Limited account held with the Collection Account Bank and such non-direct debit amounts will be transferred into the relevant Series Transaction Accounts on the business day following the day on which they were actioned.

GMAC-RFC Limited will agree to hold all payments from Borrowers in respect of the Mortgage Loans sold to the Issuer and received in the GMAC-RFC Series Accounts and the Collection Trust Account on trust for the Issuer pursuant to the Declaration of Trust. Separate trusts for each Series will be created on each Transfer Date in respect of the Issuer's rights under the Declaration of Trust. The Issuer's rights under the Declaration of Trust (and each of the separate trusts) will be comprised in the Security granted by the Issuer under the Security Deed.

See further "*Transaction Documents – Series Bank Account Agreements*" below.

Programme Cash Management:

Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date and entered into by the Issuer and the Programme Cash Manager, GMAC-RFC Limited as Programme Cash Manager will provide certain cash management services to the Issuer in respect of the Programme.

The Programme Cash Manager's duties will include maintaining separate ledgers in respect of receipts from the Programme Assets, ensuring the segregation of funds in respect of the Programme, administering the Programme Priority of Payments and preparing a

Programme Investor Report. See further "*Transaction Documents – Programme Cash Management Agreement*" and "*GMAC-RFC Limited*" below.

Series Cash Management:

Pursuant to the terms of each Series Cash Management Agreement in respect of each Series of Notes dated on or about the relevant Issue Date and entered into by the Issuer and the relevant Series Cash Manager, the Series Cash Manager will provide certain cash management services to the Issuer in respect of the relevant Series on a segregated basis.

The Series Cash Manager's duties will include maintaining separate ledgers in respect of receipts for each relevant Series, ensuring the segregation of funds in respect of the relevant Series, administering the Series Priorities of Payments for the relevant Series (as set out in the relevant Supplement) and calculating amounts payable by the Issuer thereunder and preparing a Series Cash Management Report in respect of such Series. See further "*Transaction Documents – Series Cash Management Agreements*" below. Unless specified otherwise in the relevant Supplement, the Series Cash Manager in respect of each Series will be GMAC-RFC Limited. See further "*GMAC-RFC Limited*" below.

Payments to Series Noteholders:

The Issuer will apply the following funds received from time to time from the Series Assets to make payments of principal and interest on Notes of a particular Series in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement:

- principal receipts and interest receipts from Mortgage Loans in the relevant Series Portfolio;
- amounts standing to the credit of the relevant Series Accounts, including the proceeds of any investments made in respect of the relevant Series GIC Accounts and Series Custody Accounts (if any) and any reserve fund amounts;
- amounts received by the Issuer under the relevant Series Hedge Agreements;
- amounts received by the Issuer under the relevant Series Credit Support Agreements (if any);
- advances received by the Issuer under the relevant Series Subordinated Facility Agreements (if any); and
- any other amounts received by the Issuer in connection with a Series as set out in the relevant Supplement.

Issuer Declaration of Trust:

Pursuant to a declaration of trust (the **Issuer Declaration of Trust**) dated on or about the Programme Date in favour of Securities Holdings, the Issuer will declare a trust over its assets (which at such date will consist of a nominal amount of cash). Pursuant to the Issuer Declaration of Trust, the Issuer will be authorised (a) to acquire Series Portfolios, (b) to incur Secured Liabilities (including the issuance of Notes) and to satisfy such Secured Liabilities out of trust assets (which will include amounts received on each Series Portfolio) ahead of payments to Securities Holdings and (c) to grant security over the trust assets (which will include the Series Portfolios and the Issuer's rights under the Transaction Documents) under the Security Deed. In respect of each Series, a separate trust, supplemental to the trust created under the Issuer Declaration of Trust on or about the Programme Date, will be created for purposes

of segregation of the relevant Series Assets on or about the relevant Transfer Date.

Security Deed:

Pursuant to the terms of the Security Deed dated on or about the Programme Date and entered into by the Issuer, Securities Holdings and the Security Trustee, the Issuer and Securities Holdings will grant security over all of their respective present and future assets in favour of J.P. Morgan Corporate Trustee Services Limited as Security Trustee as trustee for itself and all of the other Secured Creditors.

The Security created by the Issuer pursuant to the Security Deed will primarily consist of: (a) first fixed charges over the Issuer's present and future interests in the Mortgage Loans and their Related Security, (b) an equitable assignment of the Issuer's interests in insurance contracts relating to the Mortgage Loans, (c) a first fixed charge over the Issuer's present and future rights to all monies standing to the credit of the Programme Account, each Series Account and any other bank account which the Issuer has an interest in from time to time, (d) a first fixed charge over the Issuer's present and future investments from time to time held by or on behalf of the Issuer, (e) an assignment of the Issuer's rights under the Transaction Documents (including the Programme Documents and Series Documents in respect of each Series) and (f) a first floating charge over the undertaking and all the assets of the Issuer not otherwise charged or assigned by way of fixed security under the Security Deed (but extending over all of the Issuer's assets located in or governed by the law of Scotland).

The Security created by Securities Holdings pursuant to the Security Deed will consist of:

- (a) an assignment of Securities Holdings' rights and interest under the Transaction Documents to which it is a party; and
- (b) a first floating charge over the undertakings and all the assets of Securities Holdings not otherwise charged by way of fixed charge under the Security Deed (but extending over all of Securities Holdings' assets located in or governed by the law of Scotland).

Other than the security described above, Securities Holdings has no liability in respect of any of the Secured Liabilities and the Secured Creditors will not be creditors of Securities Holdings in respect of the Secured Liabilities.

In relation to the security created pursuant to the Security Deed and any supplement thereto see "*Risk Factors – General Risk Factors – Fixed charges may take effect under English Law as floating charges*".

In relation to an issue of a Series of Notes, the Issuer may pursuant to a Security Deed Supplement create Series Additional Security that is supplemental to and will form part of the Security created under the Security Deed. Series Additional Security will always be required in relation to any Scottish Mortgage Loans comprised in a Series Portfolio acquired by the Issuer after the date of the Security Deed.

In accordance with the terms of the Security Deed and the Intercreditor Deed, the Security Trustee will be responsible for enforcing the Security under the Security Deed. See further "*Transaction Documents – Security Deed*" below.

Intercreditor Deed:

Pursuant to the terms of the Intercreditor Deed dated on or about the Programme Date and a Series Intercreditor Deed Supplement entered into on or about the relevant Transfer Date in connection

with each sale of a Series Completion Mortgage Pool to the Issuer, the assets relating to each Series (the Series Assets) will be identified. The Series Assets will include the relevant Series Portfolio, the interest of the Issuer in the relevant Series Accounts, the rights of the Issuer under the Transaction Documents applicable to the relevant Series and any Series Additional Security in respect of that Series. Pursuant to the terms of the Intercreditor Deed, assets not allocated as Series Assets will comprise the Programme Assets.

Under the Intercreditor Deed, each Secured Creditor will agree, *inter alia*, to the following terms:

- only the Security Trustee and the Series Note Trustee in respect of the relevant Series may take action against the Issuer or Securities Holdings and their respective assets to enforce the rights of the Noteholders and the other Secured Creditors against the Issuer. None of the Secured Creditors (other than the Security Trustee and the relevant Series Note Trustee in respect of the relevant Series) will be entitled to proceed directly against the Issuer or Securities Holdings or any assets of the Issuer or Securities Holdings;
- none of the Secured Creditors will be entitled to petition or take any other step for the winding-up, administration or similar proceedings in respect of the Issuer or Securities Holdings;
- none of the Series Secured Creditors in respect of a Series will have any claim against the Series Assets of any other Series and will only have recourse to the Series Assets of that Series; and
- none of the Programme Secured Creditors, in its capacity as such, have or will have any claim against any Series Assets and will have recourse only to the Programme Assets.

It is a condition to the issue of any Series of Notes that the Security Trustee and all the Series Secured Creditors in relation to such Series (other than the Noteholders, the Series MERC Holders and/or Series Residual Holders (if any) of such Series) will enter into a Series Intercreditor Deed Supplement. Accordingly, all the future Series Secured Creditors and any person intended to become a Programme Secured Creditor will be bound by all the provisions of the Intercreditor Deed applicable to the Secured Creditors as if they were original parties to the Intercreditor Deed.

Pursuant to the Intercreditor Deed, when all of the Secured Liabilities in respect of a Series have been discharged in full any Series Assets relating to such Series will thereafter become Programme Assets.

Series Security Trusts:

Pursuant to the Intercreditor Deed, the Security will be subject to Series Security Trusts on a Series by Series basis for the relevant Series Noteholders and other Series Secured Creditors as described below.

Upon a Series Event of Default in respect of a Series, the Security over the Series Assets of that Series, if enforced, will be enforced separately from any other Series. The Security over the Series Assets relating to any Series will become immediately enforceable upon the relevant Series Note Trustee directing the Security Trustee to serve on the Issuer a Series Enforcement Notice or the relevant Series Note Trustee serving on the Issuer a Series Acceleration Notice in respect of such Series following the occurrence of a Series Event of Default in respect of such Series. There are no cross-default provisions between Series and the occurrence of a Series Event of

Default under one Series will not of itself constitute a Series Event of Default under any other Series. A Programme Insolvency Event will constitute a Series Event of Default in respect of each Series (allowing a Series Enforcement Notice and/or a Series Acceleration Notice to be given in respect of each Series).

See further "*Transaction Documents – Security Deed*" and "*Transaction Documents – Intercreditor Deed*" below.

The Security over the Programme Assets will become immediately enforceable upon the giving of a Programme Enforcement Notice which shall be deemed to have been given if a Series Enforcement Notice and/or a Series Acceleration Notice has been given in respect of each Series following the occurrence of a Series Event of Default in respect of all Series.

The Series Secured Creditors of a particular Series will have no recourse to the Series Assets relating to any other Series or to the Programme Assets. See further "*Transaction Documents – Intercreditor Deed*".

Agreement of Secured Creditors:

To the extent that there are amounts still owed to a Series Secured Creditor after the Security Trustee has determined that the security over the applicable Series Assets has been enforced and as fully as practicable realised: (a) neither the Security Trustee nor any other Series Secured Creditor in relation to that Series may take any further steps or proceedings against the Issuer or Securities Holdings or any of their assets to recover any sum still unpaid in respect of the Notes of such Series or other Series Secured Liabilities in respect of that Series including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the Series Priorities of Payments in respect of the relevant Series (save for the Series Note Trustee or the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and save for the Series Note Trustee having the right to claim the full amount due to Noteholders of that Series as Programme Secured Creditors (as described in (b) below) in any proceeding to wind up the Issuer); (b) each Series Secured Creditor in relation to that Series in respect of which any amount remains outstanding will cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall; and (c) all remaining or future Series Assets (if any) in relation to that Series will from such date of determination by the Security Trustee cease to be Series Assets relating to such Series and instead will convert to Programme Assets. See further "*Transaction Documents – Security Deed*" and "*Transaction Documents – Intercreditor Deed*" below.

Programme Priority of Payments:

The parties to the Intercreditor Deed will agree that amounts received in respect of the Programme Assets and Programme liabilities funded at the Series level on a *pro rata* or referable basis and credited to the Programme Account in accordance with each Series Priorities of Payments, will be applied in accordance with the Programme Priority of Payments. See further "*Credit Structure – Programme Priority of Payments*".

Series Priorities of Payments:

The parties to the relevant Series Intercreditor Deed Supplement will agree that amounts received in respect of each group of Series Assets will be applied in accordance with the applicable Series

Priorities of Payments as set out in the relevant Supplement and the relevant Series Cash Management Agreement and the terms of the Intercreditor Deed and the applicable Series Intercreditor Deed Supplement. The following Series Priorities of Payments will be specified in the applicable Supplement related to each Series:

- prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the Series, Available Revenue Funds will be applied in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments;
- following the service of a Series Enforcement Notice but prior to the service of a Series Acceleration Notice in respect of the Series, Available Revenue Funds will be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments;
- prior to the service of a Series Acceleration Notice in respect of the Series, Actual Redemption Funds will be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments; and
- following the service of a Series Acceleration Notice in respect of the Series, all amounts received in respect of the Series will be applied in accordance with the Series Post-Acceleration Priority of Payments.

See further ("*Credit Structure*") below.

Certain amounts payable by the Issuer at the Programme level under the Programme Priority of Payments, such as amounts payable to the Security Trustee, the Programme Financial Servicer, the Programme Account Bank in respect of the Programme Account, the Programme Cash Manager in respect of the administration of the Programme Priority of Payments and the Corporate Services Provider in respect of services to the Issuer, will be funded at the Series level on a *pro rata* basis (as Permitted Withdrawals in respect of each Series on any date other than a Distribution Date and in accordance with the relevant Series Priorities of Payments on the relevant Distribution Date) and allocated to the Issuer's Programme Account for application in accordance with the Programme Priority of Payments. See further "*Credit Structure – Series Permitted Withdrawals*" and "*Credit Structure – Series Priorities of Payments*" below.

Liabilities solely incurred in respect of a Series, such as amounts payable to the Series Note Trustee, the Series Agents, the Series Servicer and the Series Standby Servicer in respect of the administration of the relevant Series Portfolio, the Series Account Bank in respect of the Series Accounts, the Series Cash Manager in respect of the administration of the Series Priorities of Payments, the Series Hedge Providers, the Series Credit Support Providers (if any) and the Series Subordinated Facility Providers (if any), will be funded at the Series level in accordance with the Series Priorities of Payments set out in the relevant Supplement and in the relevant Series Cash Management Agreement. See further "*Credit Structure – Series Priorities of Payments*" below.

Series Hedging:

If specified in the relevant Supplement, the Issuer will enter into one or more Series Hedge Agreement(s) with the Series Hedge Provider(s) specified in the Supplement to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the relevant Series Portfolio and amounts

payable by the Issuer in respect of that Series. See further "*Credit Structure – Series Hedge Agreements*" below.

In the event that the relevant ratings of a Series Hedge Provider are downgraded below the ratings specified in the relevant Series Hedge Agreement and as a result the then current ratings of the relevant Series of Notes may be adversely affected, the relevant Series Hedge Provider will be required to take certain remedial measures which may include providing collateral for its obligations, arranging for its obligations to be transferred to an entity with ratings required by the relevant Rating Agencies, procuring another entity with ratings required by the relevant Rating Agencies to become guarantor or co-obligor in respect of its obligations or taking such other action as it may agree with the relevant Rating Agencies.

A Series Hedge Provider will have recourse only to the Series Assets of the Series in respect of which the Series Hedge Agreement was entered into. There will be no cross-defaults, cross-termination events or netting of payments among Series Hedge Agreements in respect of different Series. See further "*Credit Structure – Series Hedge Agreements*" below.

Series Credit Support:

If specified in the relevant Supplement, one or more of the following types of Series credit support arrangements (each a **Series Credit Support Agreement**) may be entered into by the Issuer with the Series Credit Support Providers specified in the relevant Supplement:

- liquidity facility arrangements to provide funds to the Issuer for payment of certain liabilities of the Issuer under the relevant Series Priorities of Payments in the event the Issuer has insufficient funds available (see further "*Credit Structure – Series Liquidity Facility Agreement*" below);
- a financial guarantee or insurance policy issued in favour of the relevant Series Note Trustee in respect of certain liabilities of the Issuer to make payments of interest and principal on certain Classes of Notes in a Series;
- a letter of credit facility under which a letter of credit facility provider will issue (or can be required to issue) one or more irrevocable letters of credit in favour of the Issuer; and
- such other credit support arrangements as may be described in the relevant Supplement.

The Series Credit Support Agreement in respect of any Series will specify the minimum ratings requirements for the relevant Series Credit Support Provider. In the event that the relevant rating of a Series Credit Support Provider is downgraded below the specified minimum ratings, then the relevant Series Credit Support Provider will be required to take certain remedial measures which may include providing collateral for its obligations in accordance with the terms of the applicable Series Credit Support Agreement. See further "*Credit Structure – Series Credit Support Agreements*".

Series Subordinated Facility Agreement:

If specified in the relevant Supplement, the Issuer will enter into a Series Subordinated Facility Agreement with a Series Subordinated Facility Provider pursuant to which the relevant Series Subordinated Facility Provider will agree to make a subordinated credit facility available to the Issuer for the purposes of that Series in accordance with the terms of the applicable Series Subordinated Facility Agreement.

Series Remarketing and Conditional Purchase Agreement:

If specified in the relevant Supplement, the Issuer will enter into both a Series Remarketing Agreement and a Series Conditional Purchase Agreement with the relevant Series Remarketing Agent and the relevant Series Conditional Purchaser in order to provide the Noteholders of the relevant Class or Classes of Notes in such Series with the benefit of remarketing and conditional purchasing arrangements. See "*Transaction Documents – Series Remarketing Agreement and Series Conditional Purchase Agreement*".

Series Post-Enforcement Call Option in favour of PECO Holder:

Each Series Note Trustee in respect of a Series will on the relevant Issue Date in respect of a Series grant to PECO Holder an option (the **Series Post-Enforcement Call Option**) to acquire all (but not part only) of the Notes of that Series (plus accrued interest thereon) pursuant to the terms of a Series Post-Enforcement Call Option Agreement in respect of any Series. The Series Post-Enforcement Call Option will be exercised without the prior approval of the Series Noteholders for a consideration of one penny per Note outstanding after notice has been received by the PECO Holder that (a) the Security over the Series Assets in relation to such Series has been enforced and as fully as practicable realised and the proceeds of such enforcement have been applied in accordance with the provisions of the applicable Series Priorities of Payments or (b) there are no remaining Series Assets relating to such Series that are capable of realisation. PECO Holder has covenanted to the Issuer and the directors of the Issuer that subject to certain conditions it will exercise such Series Post-Enforcement Call Option. The Series Noteholders will be bound by the terms of the Series Post-Enforcement Call Option granted to PECO Holder.

Documentation:

On or about the Programme Date, the following Programme documents will be entered into:

- Security Deed;
- Intercreditor Deed (with a form of Series Intercreditor Deed Supplement scheduled thereto);
- Programme Issuer Declaration of Trust;
- Programme Agreement (with a form of Series Subscription Agreement scheduled thereto);
- Programme Bank Account Agreement;
- Programme Cash Management Agreement;
- Programme Corporate Services Agreement; and
- Master Definitions and Construction Schedule;

The above documents (other than the Programme Agreement) which will be entered into on the Programme Date (as amended from time to time) are together referred to as the **Programme Documents**.

On the Programme Date, the following documents will be signed by the Issuer and the Security Trustee for purposes of identification:

- Portfolio Purchase Terms (which will contain a form of Series Portfolio Purchase Agreement scheduled thereto);
- Servicing Terms (which will contain a form of Series Servicing Agreement scheduled thereto);
- Standby Servicing Terms (which will contain a form of Series Standby Servicing Agreement scheduled thereto);

- Cash Management Terms (which will contain a form of Series Cash Management Agreement scheduled thereto);
- Bank Account Terms (which will contain a form of Series Bank Account Agreement scheduled thereto);
- Trust Terms (which will contain a form of Series Trust Deed scheduled thereto); and
- Agency Terms (which will contain a form of Series Agency Agreement scheduled thereto).

In connection with each sale of a Series Completion Mortgage Pool to the Issuer and the issuance of each Series by the Issuer, a Supplement to this Offering Circular and Final Terms supplemental to the Conditions of the Notes will be prepared and the Seller, the Issuer and the Security Trustee (as applicable) will enter into the following Series documents (such documents, other than the Subscription Agreement, the Series Documents) with the appropriate parties, together with any other documentation required by the Issuer, the Security Trustee, the Series Note Trustee or the Rating Agencies in respect of the relevant Series:

- Series Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms);
- Series Servicing Agreement (incorporating the Servicing Terms);
- Series Standby Servicing Agreement (incorporating the Standby Servicing Terms);
- Series Cash Management Agreement (incorporating the Cash Management Terms);
- Series Bank Account Agreement (incorporating the Bank Account Terms);
- Series Agency Agreement (incorporating the Agency Terms);
- Scottish Declaration of Trust (if applicable);
- Series Security Deed Supplement (including any Scottish Supplemental Charge);
- Series Intercreditor Deed Supplement;
- Series Issuer Declaration of Trust;
- Series Deed of Accession to Declaration of Trust;
- Series Post-Enforcement Call Option Agreement;
- Series Trust Deed (incorporating the Trust Terms);
- Series Hedge Agreements as specified in the relevant Supplement;
- Series Credit Support Agreements (including any Series Liquidity Facility Agreement) if specified in the relevant Supplement;
- Series Subordinated Facility Agreement if specified in the relevant Supplement;
- Series Subscription Agreement; and
- Series Remarketing Agreement and Series Conditional Purchase Agreement if specified in the relevant Supplement.

The Programme Documents and the Series Documents are together referred to as the **Transaction Documents** and are further described in this Offering Circular under "*Transaction Documents*" and "*Credit Structure*" below.

Each of the Transaction Documents will be governed by English law except that certain aspects of the Transaction Documents will be governed by Northern Irish law to the extent that such aspects relate to Northern Irish Mortgage Loans and by Scots law to the extent such aspects relate to Scottish Mortgage Loans.

THE PARTIES

- Issuer:** The Issuer is a special purpose company incorporated in England and Wales with limited liability. The Issuer's company registration number is 5593541 and its registered office is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ. All of the Issuer's issued share capital is held by Securities Holdings.
- Securities Holdings:** RMAC Securities Holdings Limited (**Securities Holdings**). All of Securities Holdings' issued share capital and all rights attaching thereto is held on trust by the Share Trustee for the benefit of charitable institutions. The Seller does not own, directly or indirectly, any of the share capital of the Issuer.
- Seller:** GMAC-RFC Limited, which is in the business of originating and acquiring residential mortgage loans, in its capacity as Seller, will from time to time sell Mortgage Loans and their Related Security originated by it or by other originators (each a **Third Party Originator**) (and purchased by GMAC-RFC Limited) to the Issuer pursuant to the terms of a Series Portfolio Purchase Agreement in respect of each Series Portfolio. See "*GMAC-RFC Limited*" and "*Transaction Documents – Series Portfolio Purchase Agreements*" below.
- Series Servicer:** Unless specified otherwise in the relevant Supplement, the Series Servicer in respect of each Series will be GMAC-RFC Limited. See further "*GMAC-RFC Limited*" below.
- Series Standby Servicer:** Unless specified otherwise in the relevant Supplement, the Series Standby Servicer in respect of each Series will be Homeloan Management Limited. See further "*Homeloan Management Limited*" below.
- Programme Financial Servicer:** Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date, GMAC-RFC Limited will be appointed as Programme Financial Servicer. See "*Transaction Documents – Programme Financial Servicer*" below.
- Programme Cash Manager:** GMAC-RFC Limited will be appointed as Programme Cash Manager to provide cash management services to the Issuer in respect of the Programme pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date (as amended from time to time). See "*GMAC-RFC Limited*" and "*Transaction Documents – Programme Cash Management Agreement*" below.
- Series Cash Manager:** Unless specified otherwise in the relevant Supplement, the Series Cash Manager in respect of each Series will be GMAC-RFC Limited. See further "*GMAC-RFC Limited*" below.
- Programme Account Bank:** The Programme Account will be held with Barclays Bank PLC in its capacity as Programme Account Bank to the Issuer pursuant to the terms of the Programme Bank Account Agreement dated on or about the Programme Date (as amended from time to time). See "*Barclays Bank PLC*" in the relevant Supplement and "*Transaction Documents – Programme Bank Account Agreement*" below.
- Series Account Bank:** Unless specified otherwise in the relevant Supplement, the Series Account Bank in respect of each Series will be Barclays Bank PLC. See further "*Barclays Bank PLC*" in the relevant Supplement.

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| Collection Account Bank: | The GMAC-RFC Series Accounts and the Collection Trust Account will be held with Barclays Bank PLC. See " <i>Transaction Documents – Series Bank Account Agreements – GMAC-RFC Series Accounts/ Collection Trust Account</i> " below. |
| Security Trustee: | J.P. Morgan Corporate Trustee Services Limited will be appointed as Security Trustee pursuant to the terms of the Security Deed to hold the benefit of the Security granted by the Issuer and Securities Holdings to the Security Trustee for itself and on behalf of the Secured Creditors. See " <i>Transaction Documents – Security Deed</i> " and " <i>Transaction Documents – Intercreditor Deed</i> " below. |
| Series Note Trustee: | <p>Unless specified otherwise in the relevant Supplement, the Series Note Trustee in respect of each Series will be J.P. Morgan Corporate Trustee Services Limited.</p> <p>The Series Note Trustee for each Series will be appointed pursuant to the terms of the relevant Series Trust Deed, to act on behalf of the Noteholders of the relevant Series.</p> |
| Series Hedge Providers: | <p>As specified in the relevant Supplement, the Issuer will enter into Series Hedge Agreements with one or more Series Hedge Providers specified in the relevant Supplement, as necessary, to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the relevant Series Portfolio and amounts payable by the Issuer in respect of that Series and the applicable Series Priorities of Payments.</p> <p>See further "<i>Credit Structure – Series Hedge Agreements – Series Interest Rate Cap Agreement, Series Currency Swap Agreements</i>" below.</p> |
| Series Credit Support Providers: | If specified in the relevant Supplement, the Issuer will enter into one or more Series Credit Support Agreements (including any Series Liquidity Facility Agreement, if applicable) with one or more Series Credit Support Providers as specified in the relevant Supplement in respect of certain liabilities of the Issuer in respect of that Series. Such credit support arrangements may also include financial guarantees, insurance policies or letters of credit. |
| Series Subordinated Facility Providers: | If specified in the relevant Supplement, the Issuer will enter into a Series Subordinated Facility Agreement with a Series Subordinated Facility Provider specified in the relevant Supplement pursuant to which the relevant Series Subordinated Facility Provider will agree to make a subordinated credit facility available to the Issuer for the purposes of that Series in accordance with the terms of the applicable Series Subordinated Facility Agreement. |
| Series Remarketing Agent, Series Conditional Purchaser and Series Tender Agent: | If specified in the relevant Supplement in relation to a particular Series, the Issuer will enter into both a Series Remarketing Agreement and a Series Conditional Purchase Agreement with a Series Remarketing Agent and a Series Conditional Purchaser, pursuant to which the relevant Series Remarketing Agent and the relevant Series Conditional Purchaser will agree to remarket and conditionally purchase, respectively, the relevant Class or Classes of Notes in such Series. A Series Tender Agent may also be party to the Series Conditional Purchase Agreement, pursuant to which the Series Tender Agent will agree to arrange delivery by and payment to Noteholders on the relevant mandatory transfer date(s). See " <i>Transaction Documents – Series Remarketing Agreement and Series Conditional Purchase Agreement</i> ". |

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| Corporate Services Provider: | Structured Finance Management Limited in its capacity as Corporate Services Provider will be appointed to provide certain corporate services to the Issuer and to Securities Holdings pursuant to the Programme Corporate Services Agreement. See " <i>Transaction Documents – Corporate Services Agreement</i> " below. |
| Series Principal Paying Agent and Series Agent Bank: | <p>Unless specified otherwise in the relevant Supplement, the Series Principal Paying Agent and Series Agent Bank in respect of each Series will be JPMorgan Chase Bank N.A. acting out of its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT.</p> <p>Pursuant to the terms of the relevant Series Agency Agreement, the Series Principal Paying Agent and Series Agent Bank will be appointed in respect of the relevant Series. See further "<i>Transaction Documents – Series Agency Agreement</i>" below.</p> |
| Series Irish Paying Agent: | Unless specified otherwise in the relevant Supplement, the Series Irish Paying Agent in respect of each Series will be J.P. Morgan Bank (Ireland) plc. Pursuant to the relevant Series Agency Agreement, the Series Irish Paying Agent will be appointed to act as paying agent in Ireland in respect of the relevant Series. |
| Series Registrar and Transfer Agent: | Unless specified otherwise in the relevant Supplement, the Series Registrar and Transfer Agent in respect of each Series will be J.P. Morgan Bank Luxembourg S.A. pursuant to the terms of the relevant Series Agency Agreement, acting out of its office at European Bank and Business Centre, 6 Route de Trèves, L-2633 Senningerberg. |
| Series Exchange Rate Agent: | If a Series Exchange Rate Agent is specified in the relevant Supplement, JP Morgan Chase Bank N.A. acting out of its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT will be the Series Exchange Rate Agent in respect of the Series pursuant to the terms of the relevant Series Agency Agreement, unless otherwise specified in the relevant Supplement. |
| PECO Holder: | RMAC PECO No. 1 Limited (PECO Holder) is a special purpose company incorporated in England and Wales with limited liability. All of PECO Holder's issued share capital is held on trust by the PECO Holder Share Trustee for the benefit of charitable institutions other than the charitable institutions that benefit from the trust over Securities Holdings' issued share capital. |
| Securities Holdings Share Trustee: | SFM Corporate Services Limited in its capacity as Securities Holdings Share Trustee holds its interest in the shares of Securities Holdings on trust for charitable purposes under the terms of a share trust deed dated 21 March 2006. |
| PECO Holder Share Trustee: | Structured Finance Management Limited in its capacity as PECO Share Trustee holds its interest in the shares of PECO holder on trust for charitable purposes under the terms of a share trust deed dated 21 March 2006. |
| Programme Arranger: | Deutsche Bank AG, London Branch |
| Dealers: | To be selected from time to time in respect of each Series in accordance with the terms of the Programme Agreement and as indicated in the relevant Final Terms. |

DESCRIPTION OF THE NOTES

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| Description: | Mortgage Backed Medium Term Note Programme. |
| Issue of Series or Classes: | Series of Notes may be issued by the Issuer from time to time, each comprising one or more Classes of Notes. The Notes comprising each Class may be issued on different dates. |
| Series Remarketing and Conditional Purchase: | Noteholders holding certain Classes of Notes may have the benefit of remarketing and conditional purchase arrangements, if specified in the relevant Supplement. |
| Conditions: | The Conditions of each issue of Notes are set out in this Offering Circular under " <i>Terms and Conditions of the Notes</i> " and will be supplemented in the Final Terms prepared in connection with and applicable to the Series, which must be read in conjunction with this Offering Circular. |
| Certain Restrictions: | Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. |
| Distribution: | <p>The Notes of a Series may be offered and sold in the United States only to "qualified institutional buyers" (QIBs) pursuant to Rule 144A under the Securities Act and/or outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act.</p> <p>Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to applicable selling restrictions.</p> |
| Denominations: | Notes will be issued in such denominations as are specified in the applicable Final Terms in respect of a Series, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). |
| Specified Currencies: | Subject to any applicable legal or regulatory restrictions, such currency or currencies as specified in the applicable Final Terms. |
| Maturities: | Such maturities as specified in the applicable Final Terms (Final Maturity Date), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant specified currency. |
| Issue Price: | Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms. |

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| Form of Notes: | The Notes may be issued in bearer or registered form as described in " <i>Form of the Notes</i> ". Bearer Notes may be issued with Coupons, including Detachable Coupons, as specified in the applicable Final Terms. Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes may be issued on the terms specified in the applicable Final Terms. |
| Fixed Rate Notes: | Fixed Rate Notes will bear interest at the fixed rates specified in the applicable Final Terms on such date or dates specified in the applicable Final Terms and calculated on the basis of such Day Count Fraction as is specified in the applicable Final Terms. |
| Floating Rate Notes: | <p>Floating Rate Notes will bear interest at a rate determined:</p> <ol style="list-style-type: none"> 1. on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or 2. on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or 3. on such other basis as specified in the applicable Final Terms. <p>The margin (if any) relating to such floating rate will be specified in the applicable Final Terms.</p> |
| Other provisions in relation to Floating Rate Notes: | <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both if specified in the applicable Final Terms.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as specified in the applicable Final Terms, will be payable on such Distribution Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the applicable Final Terms.</p> |
| Zero Coupon Notes: | If specified in the applicable Final Terms, Zero Coupon Notes may be offered and sold at their nominal amount or at a discount to it and will not bear interest. |
| Detachable Coupons: | If specified in the relevant Supplement, Bearer Notes may be issued as part of a Series with Detachable Coupons attached thereto. It is contemplated that the Detachable Coupons may be separated from the Bearer Notes which they are attached to by crediting to the Euroclear or Clearstream, Luxembourg account (as the case may be) of the purchaser or purchasers of Detachable Coupons a notional amount equal to the principal amount of the Bearer Notes from which the Detachable Coupons were separated (Coupon Stripping). Bearer Notes with Detachable Coupons may be deposited with or to the order of a depository so that the depository can issue certificateless depository interests through DTC and/or certificated depository interests through Euroclear and/or Clearstream, Luxembourg, as applicable. The conditions for Detachable Coupons will be set out in the relevant Supplement. |
| Series MERCs: | If specified in the relevant Supplement, Series MERCs may be issued on an Issue Date in connection with the sale of a Series Completion Mortgage Pool to the Seller or as the Seller may direct. Amounts received by the Issuer in respect of the obligation of Borrowers, in |

certain circumstances, to pay an early repayment charge (the **Mortgage Early Repayment Charges**) in the event they repay all or any part of the relevant Mortgage Loan in the Series Portfolio relating to the MERCs of a Series, voluntarily or to the extent recovered following an enforcement event, at any time before the end of the mortgage term, will be paid to the relevant Series MERC Holders (either directly or, depending on the terms of the applicable subordinated credit facility and the applicable Series MERCs, only following repayment in full of all amounts due to certain subordinated credit facility providers) and will not be available at any time to Noteholders unless otherwise specified in the relevant Supplement.

See further "*Credit Structure – Series MER Loan*" below.

Series Residuals:

If specified in the relevant Supplement, Series Residuals may be issued on an Issue Date in connection with the sale of a Series Completion Mortgage Pool to the Seller or as the Seller may direct. Each of the Series Residuals bears an entitlement to receive a payment in respect of residual amounts available for such purpose in accordance with the applicable Series Priorities of Payments. Following payment of or provision for all higher ranking items in the applicable Series Priorities of Payments, if there are no available amounts to be applied as residual payments, the holders of the Series Residuals will have no further claim against the Issuer or Securities Holdings. Residual Holders will be Series Secured Creditors of the relevant Series.

Uncertificated Series MERCs and Series Residuals:

The Issuer may, in relation to any one or more Series, not issue Series MERCs or Series Residuals. Amounts which would otherwise be paid as described under Series MERCs and Series Residuals (as described above) may instead be paid pursuant to an obligation documented in another form. Such obligation may be capable of assignment or transfer (although it may or may not be a transferable instrument).

Deferral of Scheduled Interest and Scheduled Principal:

If specified in the applicable Final Terms, scheduled interest and/or scheduled principal payments may be deferred to the next applicable Distribution Date and will accrue interest in the event that the Issuer has insufficient funds to make such payments in accordance with the applicable Series Priorities of Payments.

Redemption:

The applicable Final Terms relating to each Series of Notes will indicate either that the relevant Notes cannot be redeemed prior to their stated Final Maturity Date (other than for taxation reasons or for any other specified reason) or that such Notes will be redeemable (in whole or part) upon the Issuer giving notice to the relevant Noteholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set out in the applicable Final Terms.

Cross Default:

The terms of the Notes will not contain any cross default provisions.

Status:

Notes within any Class comprised in a Series will, unless indicated otherwise in the Final Terms, rank *pari passu* without any preference among each other.

Taxation:

If any withholding or deduction for or on account of any tax is imposed in respect of payments under the Notes, the Issuer will make payments subject to such withholding or deduction and

neither the Issuer nor any other entity will be required to gross-up or otherwise pay additional amounts in respect thereof. The imposition of such withholding or deduction would entitle the Seller to require the Issuer to redeem the Notes in accordance with Condition 9 of the Notes (*Redemption and Post-Enforcement Call Option – Redemption for Taxation or other reasons*) if the Issuer has sufficient funds available. See "*United Kingdom Taxation*" below.

Rating:

The rating of each class of Notes of a Series will be specified in the relevant Supplement. Unrated Notes may be issued from time to time. The Series MERCs and/or the Series Residuals may not be assigned a rating by any of the Rating Agencies.

Listing:

Application will be made for Notes issued under the Programme during the period of 12 months from the date of the Offering Circular to be admitted to the Irish Stock Exchange. Notes may be unlisted or may be listed on such other or further stock exchanges as may be specified in the applicable Final Terms.

No application will be made for the Series MERCs or the Series Residuals to be admitted to the Official List of the Irish Stock Exchange or any other stock exchange.

Governing Law:

The Notes, the Series MERCs and the Series Residuals will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of any Notes in the United States, the United Kingdom and Ireland. Other restrictions may apply in connection with the offering and sale of a particular Series of Notes and shall be indicated in the applicable Final Terms. See "*Form of Notes*" and "*Subscription and Sale and Transfer and Selling Restrictions*" below.

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Notes. Prospective purchasers of Notes should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. This section of the Offering Circular is divided into four main sections – Risk Factors relating to the Issuer, Risk Factors relating to the Notes, Risk Factors relating to the Series Portfolios and General Risk Factors.

RISK FACTORS RELATING TO THE ISSUER

Series Assets/Limited resources of the Issuer in respect of each Series

Under the Series Security Trust arrangements in the Intercreditor Deed, Noteholders of each Series will only have recourse to the Series Assets of their Series and would only have recourse to the Programme Assets (including any Series Assets that have been converted to Programme Assets) when they have become Programme Secured Creditors as described below under “*Transaction Documents – Intercreditor Deed*”. Thus, the Series Assets over which the security will be granted for the benefit of (among others) the Noteholders of the relevant Series (comprising primarily the Mortgage Loans and Related Security in the related Series Portfolio (including both the Issuer’s and Securities Holdings’ estate and interest therein) and the Issuer’s rights under the relevant Series Accounts and the Series Documents) will be limited. The ability of the Issuer to meet its obligations under a Series of Notes will be dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Mortgage Loans (see further “*Risk Factors relating to the Series Portfolios*” below) in the relevant Series Portfolio and the receipt of funds under the relevant Series Hedge Agreements, Series Credit Support Agreements and Series Subordinated Facility Agreements (if specified in the relevant Supplement and available to be drawn). Other than the foregoing and any interest or return earned by the Issuer in respect of the applicable Series Accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under a Series of Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes of any Series under the applicable Series Priorities of Payments. It should be noted that, upon enforcement of the Security in respect of a Series, the Issuer may not be able to make any further drawings under the relevant Series Credit Support Agreements or Series Subordinated Facility Agreements.

The recourse of Series Noteholders to the assets of the Issuer and Securities Holdings following an enforcement of all or part of the Security is described in the following risk factor.

Enforcement of Security

Only the Security Trustee and the Series Note Trustee may pursue the remedies available under the Security Deed and the other Transaction Documents in respect of the relevant Series to enforce the rights of Noteholders and other Secured Creditors of a Series, and none of the Secured Creditors (other than the Security Trustee and the Series Note Trustee) will be entitled to proceed directly against the Issuer and/or Securities Holdings or any of their respective assets. None of the Secured Creditors is entitled to petition or take any other step for the winding-up or similar proceedings in respect of the Issuer or Securities Holdings.

Under the Series Security Trust arrangements in the Intercreditor Deed, upon enforcement of the Security in respect of a Series following a Series Event of Default, the Series Secured Creditors of that Series will have a claim only against the Series Assets of that Series. To the extent that there are amounts owed to a Series Secured Creditor after the enforcement proceeds in respect of the applicable Series Assets have been exhausted, such Series Secured Creditor may not take any further steps against the Issuer or Securities Holdings or their respective assets to recover such amounts (save for the Series Note Trustee or the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and save for the Series Note Trustee having the right to claim the full amount due to Noteholders of that Series as Programme Secured Creditors in any proceeding to wind up the Issuer). In that event, such Series Secured Creditor will cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall, and any remaining Series Assets of that Series will automatically convert to Programme Assets.

Pursuant to the terms of the Intercreditor Deed, each of the Programme Secured Creditors will agree with the Security Trustee and one another in relation to the Programme that none of the Programme Secured Creditors in such capacity have or will have any claim against any Series Assets.

There is no cross-default between the Series, and a Series Event of Default in respect of one Series will not trigger a Series Event of Default in respect of another Series. A Programme Insolvency Event will constitute

a Series Event of Default in respect of each Series. An enforcement of Security in respect of a Series of Notes will not necessarily result in the acceleration of such Notes, as this is subject to the discretion of the Series Note Trustee or the ability of Noteholders to direct the Series Note Trustee as to the same pursuant to the Conditions.

Post-Enforcement Call Option

Pursuant to the terms of a Series Post-Enforcement Call Option Agreement in respect of a Series, the PECO Holder will purchase from the Noteholders of each Series and such Noteholders will be obliged to sell to the PECO Holder, for the consideration of one penny per Note, all of the Notes of such Series outstanding (plus accrued interest thereon) after (a) the Security over the Series Assets in respect of that Series has been enforced by the Security Trustee and as fully as practicable realised and the proceeds of enforcement have been applied in accordance with the applicable Series Priorities of Payments or (b) there are no remaining Series Assets relating to that Series that are capable of realisation.

Reliance of the Issuer on third parties

The Issuer has entered into agreements with a number of third parties that have agreed to perform services for the Issuer. In particular, but without limitation, a Series Servicer will be appointed to service Mortgage Loans and their Related Security in respect of each Series Portfolio, a Series Standby Servicer will be appointed to assume the servicing functions of the relevant Series Servicer in respect of the relevant Series Portfolio if the appointment of such Series Servicer is terminated, a Series Cash Manager will be appointed to provide cash management services to the Issuer in respect of each Series and a Programme Cash Manager will be appointed to provide cash management services to the Issuer in respect of the Programme. In addition, if specified in the relevant Supplement, Series Credit Support Agreements (including, without limitation, series liquidity facilities, series financial guarantees or insurance and series letters of credit) may be entered into by the Issuer with one or more Series Credit Support Provider(s) in respect of a Series, and a Series Subordinated Facility Agreement may be entered into by the Issuer with a Series Subordinated Facility Provider.

In the event that any of those parties fail to perform its obligations under the relevant agreement to which it is a party, that may affect the realisable value of the Series Portfolios or any part thereof, or pending such realisation (if the Series Portfolios or any part thereof cannot be sold) the ability of the Issuer to make payments to the Noteholders. For instance, if the Series Servicer or the Series Standby Servicer has failed adequately to administer the Mortgage Loans, this may lead to higher incidences of non-payment or default by the Borrowers. The Issuer will also be reliant on the Series Credit Support Providers and Series Subordinated Facility Providers (as indicated in the relevant Supplement) to provide it with funds to meet its obligations in respect of each Series of Notes. The Issuer's reliance on Series Hedge Providers is described in the risk factor "*Reliance of the Issuer on Series Hedge Providers*" below. See also "*Servicing of the Mortgage Loans*" below.

Servicing of the Mortgage Loans

Each Series Servicer has or will enter into an agreement with Homeloan Management Limited (HML) whereby HML will provide certain mortgage settlement and related administration services to the Series Servicer in relation to the Mortgage Loans in the Series Portfolios. Notwithstanding the sub-contracting to HML or any other sub-contracting or delegation of the performance of any of its obligations under the Series Servicing Agreement, the Series Servicer will remain primarily responsible for the performance of its obligations under the Series Servicing Agreement. See "*Transaction Documents – Series Servicing Agreements*".

If the appointment of the Series Servicer is terminated under the Series Servicing Agreement, the Series Standby Servicer would assume the servicing functions of such Series Servicer in accordance with the terms of the relevant Series Standby Servicing Agreement. The ability of the Series Standby Servicer fully to perform the required services would depend on the information, software and records available at the time of the relevant appointment.

Reliance of the Issuer on Series Hedge Providers

To hedge certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of a Series Portfolio and amounts payable by the Issuer in respect of that Series, the Issuer may enter into Series Hedge Agreement(s) with Series Hedge Provider(s) as specified in the relevant Supplement.

If the Issuer fails to make timely payments of amounts due under any Series Hedge Agreement, then it will have defaulted under that agreement. A Series Hedge Provider in respect of any Series may only be obliged to make payments to the Issuer as long as the Issuer complies with its payment obligations under the relevant Series Hedge Agreement. If the Issuer fails to make timely payments under a Series Hedge Agreement, the relevant Series Hedge Provider will have the right to terminate the relevant Series Hedge Agreement.

If a Series Hedge Provider in respect of any Series is not obliged to make payments or if it defaults in its obligations to make payments of amounts equal to the full amount to be paid to the Issuer on the payment date under the relevant Series Hedge Agreement, the Issuer will be exposed to changes in the relevant currency exchange rates to Sterling and/or to any changes in the relevant rates of interest. Unless a replacement hedge agreement is entered into, the Issuer may have insufficient funds to make payments under the relevant Series of Notes. If a Series Hedge Agreement terminates, the Issuer may be obliged to make a termination payment to the relevant Series Hedge Provider. There can be no assurance that the Issuer will have sufficient funds available to make a termination payment under the relevant Series Hedge Agreement, nor can there be any assurance that the Issuer will be able to enter into a replacement hedge agreement or, if one is entered into, that the credit rating of the replacement hedge provider will be sufficiently high to prevent a downgrade of the then current ratings of the Notes by the Rating Agencies. Unless specified otherwise in the relevant Supplement, except where the Series Hedge Provider has caused the relevant Series Hedge Agreement to terminate as a result of the Series Hedge Provider's own default or ratings downgrade, any termination payment due by the Issuer following termination of the relevant Series Hedge Agreement may rank in priority to or *pari passu* with the relevant class of Notes. Therefore, if the Issuer is obliged to make a termination payment to the Series Hedge Provider or pay any other additional amounts as a result of the termination of the Series Hedge Agreement, this could reduce the Issuer's ability to service payments on the Notes.

Securities Holdings' ability to satisfy tax liabilities dependent on tax amounts received from each Series

Securities Holdings' liability for tax is calculated and paid on a Programme basis under the Programme Priority of Payments, but such payment is funded by each Series under the applicable Series Priorities of Payments. In the event that there are insufficient funds available for application under a Series Priorities of Payments, there may be insufficient amounts allocated in a Series to meet Securities Holdings' liability for tax and the Issuer may have insufficient funds available to satisfy Securities Holdings' tax liability on a Programme basis. This risk is mitigated by the payment of tax amounts under each Series Priorities of Payments in advance of payments to Noteholders and other Series Creditors. In addition, tax is allocated on a Series basis based on the profits of that Series, and thus the allocation of tax liabilities among the Series should correspond with funds available to meet such liabilities. Finally, Securities Holdings' liability to tax is paid on a Programme basis under the Programme Priority of Payments, and even if there is a shortfall in respect of tax amounts allocated by a particular Series, there may be available funds in the Programme Account to make up for such shortfall, although there is no guarantee that this will be the case. See "*Credit Structure – Programme Priority of Payments*" below and the Series Priorities of Payments specified in the relevant Supplement.

RISK FACTORS RELATING TO THE NOTES

Liability under the Notes

The Notes represent obligations of the Issuer and, unless specified otherwise in the applicable Final Terms in respect of a Series Credit Support Provider, do not constitute obligations or responsibilities of, or guarantees by, any other person (including GMAC-RFC Limited, the Programme Arranger, any Dealer, the Security Trustee, any Series Note Trustee, the Programme Cash Manager, any Series Cash Manager, the Programme Account Bank, any Series Account Bank, the Series Servicer, the Series Standby Servicer, any Series Agents, the Corporate Services Provider, any Series Hedge Provider, any Series Credit Support Provider, any Series Subordinated Facility Provider or any affiliates of any of the foregoing). Securities Holdings has given third party security over its assets as security for the payment of the Issuer's obligations (including the Notes). However, such security is given over Securities Holdings' interest in the relevant Series Portfolios and does not represent security over any additional assets. Further, Securities Holdings has no obligations in respect of the Issuer's obligations once security over its assets has been realised.

Ratings of the Notes

The expected ratings of each Class of Notes are set out in the applicable Final Terms. The ratings that are assigned to any Class of Notes under the Programme are based on the Mortgage Loans, the Related Security,

the Series Portfolio and other relevant structural features of the transaction, which may include, among other things, the short-term unsecured, unguaranteed and unsubordinated debt ratings of the relevant Series Hedge Provider, the relevant Series Credit Support Provider and the Series Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings that are assigned to any Class of Notes under the Programme do not represent any assessment of the yield to maturity that a Noteholder may experience or, in certain circumstances, the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to the compulsory purchase of a Property or Properties.

The ratings that are assigned to any Class of Notes under the Programme will address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The Series MERCs and Series Residuals may not be assigned a rating by any of the Rating Agencies.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Notes of any Class.

Credit rating agencies could seek to rate the Notes (or any Class of them) without having been requested to do so by the Issuer, and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Rating Agencies engaged by the Issuer, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any Class. In this Offering Circular, all references to ratings in this Offering Circular are to ratings assigned by the Rating Agencies engaged by the Issuer (namely Fitch, Moody's and S&P).

Ratings confirmation

The terms of certain of the Transaction Documents in respect of the relevant Series, require the Rating Agencies to confirm that certain actions proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not have an adverse effect on the then current rating of the Notes (a ratings confirmation).

By acquiring the Notes, Noteholders acknowledge and agree that notwithstanding the foregoing, a credit rating is an assessment of credit risk and does not address other matters that may be of relevance to Noteholders. A ratings confirmation that any action proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not have an adverse effect on the then current rating of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents in respect of the relevant Series, or (ii) is in the best interests of, or not prejudicial to, Noteholders. In being entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the relevant Notes would not be adversely affected, each of the Secured Creditors (including the Noteholders) has acknowledged and agreed in the Transaction Documents that the above does not impose or extend any actual or contingent liability of the Rating Agencies to the Secured Creditors (including the Noteholders), the Security Trustee, any Series Note Trustee, the Issuer or any other person or create any legal relations between the Rating Agencies and the Secured Creditors (including the Noteholders), the Security Trustee, any Series Note Trustee, the Issuer or any other person whether by way of contract or otherwise.

Any such ratings confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a ratings confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Ratings confirmations, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A ratings confirmation represents only a restatement of the opinions given and cannot be construed as advice for the benefit of any parties to the transaction.

Absence of secondary market

There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that a secondary market for the Notes will develop. The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the

resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". If a secondary market does develop, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield.

Deferral of interest and principal

If specified in the applicable Final Terms, payments of interest and/or principal in respect of a Class of Notes on any Distribution Date when the Issuer has insufficient funds to make payment in full of such interest and/or principal on the Notes in accordance with the applicable Series Priorities of Payments may be deferred until the next applicable Distribution Date. This will not constitute a Series Event of Default or a Programme Insolvency Event.

Subordination of Notes of a Series

Prior to enforcement of the Security relating to a Series of Notes under the Security Deed and after enforcement of the Security relating to that Series of Notes following service of a Series Enforcement Notice or a Series Acceleration Notice, as applicable, payments of principal and interest in respect of each Class of Notes within a Series will be subject to the applicable Series Priorities of Payments and certain Classes of Notes will be subordinated to payments of principal and interest in respect of other Classes of Notes, as specified in the applicable Final Terms.

Under the applicable Series Priorities of Payments as specified in the relevant Supplement, payments will be made to certain Secured Creditors (such as the Security Trustee, the Series Account Bank, the Series Cash Manager, the Series Servicer, the applicable Series Hedge Provider (other than specified subordinated amounts) and the applicable Series Credit Support Provider (if any) (other than specified subordinated amounts)) and amounts will be allocated in respect of certain liabilities of the Issuer (e.g. for tax) in priority to the Series Noteholders.

Series Note Trustee, Security Trustee and conflicts of interest between Classes of Noteholders of a Series

Each Series Trust Deed will contain provisions requiring the Series Note Trustee to have regard to the interests of the holders of all Classes of Notes and other Instruments comprised in a Series equally as regards all rights, powers, trusts, authorities, duties and discretions of the Series Note Trustee (except where expressly provided otherwise), but requiring the Series Note Trustee in any such case to have regard only to the interests of the Class or, as the case may be, Classes of Noteholders ranking most or more senior in the applicable Series Priorities of Payments set out in the relevant Supplement if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Classes of Notes comprised in a Series and to have regard only to the interests of the holders of the relevant Class or Classes of Noteholders if, in the Series Notes Trustee's opinion, there is a conflict between the interests of the holders of any Class or Classes of Notes and the holders of any Instruments other than Notes.

Following a Series Event of Default, all Classes of the Notes of such Series may be accelerated (i) at the direction of the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class of Notes of such Series ranking most senior in the applicable Series Priority of Payments set out in the relevant supplement (or where two or more Classes of *pari passu* ranking Notes rank most senior, any one of such Classes) or (ii) if so directed by an Extraordinary Resolution of the holders of the most senior ranking Classes of Notes or, as the case may be, any one of the most senior ranking Classes of Notes referred to above, without reference to the interests of, or any requirement for sanction from, any junior ranking Classes of Noteholders of such Series.

Enforcement, including enforcement of the Security over the Series Assets relating to a Series, may be directed by an Extraordinary Resolution of the holders of the Class or, as the case may be, each Class of Notes of such Series ranking most senior in the applicable Series Priorities of Payments set out in the relevant Supplement, without reference to the interests of, or any requirement for sanction from, any junior ranking Classes of Noteholders of such Series.

In relation to any matters other than those referred to in the two preceding paragraphs, each Series Trust Deed will contain provisions limiting the powers of (i) any Class of Noteholders ranking behind or *pari passu* with, in the applicable Series Priorities of Payments, one or more other Classes of Noteholders and (ii) the other Instrumentholders, to pass an effective Extraordinary Resolution (as defined in the Series Trust Deed) according to the effect thereof on the interests of the Class or Classes of Noteholders behind, or *pari passu*

with, which such Class of Noteholders ranks or, in the case of an Extraordinary Resolution of the other Instrumentholders, the interests of all Classes of Noteholders. Except in the case of an Extraordinary Resolution to sanction a Basic Terms Modification, each Series Trust Deed will contain no such limitation on the powers of any Class of Noteholders ranking senior, in the applicable Series Priorities of Payments, to one or more other Classes of Noteholders, by reference to the effect on the interests of such other Class or Classes of Noteholders, the exercise of which will be binding on such other Class or Classes of Noteholders, irrespective of the effect thereof on their interests and will contain no such limitation on the powers of any Class of Noteholders by reference to the effect on the interest of the other Instrumentholders, the exercise of which will be binding on the other Instrumentholders, irrespective of the effect on their interests.

The Intercreditor Deed will provide that:

- (a) the Security Trustee will not take any action in relation to the Transaction Documents relating to a Series or the Series Assets relating to a Series (including enforcing the Security over the Series Assets relating to a Series) unless directed to do so by the Series Note Trustee in respect of such Series and indemnified and/or secured to its satisfaction; and
- (b) the Security Trustee will not take any action in relation to the Programme Assets (including enforcing the Security over the Programme Assets) unless directed to do so by the Series Note Trustees in respect of all Series and indemnified and/or secured to its satisfaction,

subject to the provisions concerning the appointment of an administrative receiver in certain circumstances as described in "*Transaction Documents – Security Deed*".

Withholding or deduction under the Notes

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Series Paying Agent nor any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction may entitle the Seller to require the Issuer to redeem the Notes in accordance with Condition 9 of the Notes (*Redemption and Post-Enforcement Call Option – Redemption for Tax reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal (including full and partial prepayments, sale proceeds arising on enforcement of a Mortgage Loan, repurchases by the Seller due to breaches of warranties under the relevant Series Portfolio Purchase Agreement or requests by Borrowers to convert their current Mortgage Loan to one of a different type) on the Mortgage Loans and the price paid by the Noteholders for the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. No assurance can be given as to the level of prepayment that a particular Series Portfolio will experience. In respect of each Series and related Series Portfolio, see "*Weighted Average Lives of the Notes*" in the relevant Supplement.

Principal prepayments in full may result in connection with refinancings, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage, as well as the receipt of proceeds from building insurance policies. In addition, repurchases or purchases of Mortgage Loans (excluding repurchases for the purposes of Further Advances) will have the same effect as a prepayment in full of such Mortgage Loans. In the event that there are Pre-Funded Mortgage Loan Amounts in respect of a particular Series Portfolio, the extent of purchases of Pre-Funded Mortgage Loans may also have an impact.

Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Notes under the relevant Series Trust Deed. After payment to the Series Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts to DTC, Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

DTC or its nominee or Euroclear or Clearstream, Luxembourg or the nominee of their common depository, as applicable, will be the registered holder and sole legal Noteholder of the Rule 144A Global Notes under the relevant Series Trust Deed while any Notes are represented by Rule 144A Global Notes and will be the registered holder and sole legal Noteholder of the Reg S Global Notes under the relevant Series Trust Deed while any Notes are represented by Reg S Global Notes. The Common Depository of Euroclear and Clearstream, Luxembourg will be the bearer and sole legal Noteholder of the Bearer Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of DTC, Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the relevant Series Trust Deed.

Holders of beneficial interests in the Registered Global Notes denominated in a currency other than U.S. dollars held directly with DTC or through its participants must give advance notice to DTC or the relevant participant in accordance with DTC's procedures that they wish payments on such Registered Global Notes to be made to them in the relevant currency outside DTC. If such instructions are not given in accordance with DTC's procedures, payments on such Registered Global Notes in the relevant currency will be exchanged for U.S. dollars by the Series Exchange Rate Agent prior to their receipt by DTC and the affected holders will receive U.S. dollars on the relevant Distribution Date.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the relevant Series Principal Paying Agent through DTC, Euroclear and/or Clearstream, Luxembourg, as specified in the applicable Final Terms. Upon receipt of any payment from the Series Principal Paying Agent, DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect participants to owners of interests in Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Security Trustee, the Series Note Trustee, any Series Paying Agent, any Series Exchange Rate Agent or any Series Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests held through DTC will not have the right under the relevant Series Trust Deed to act upon solicitations by or on behalf of the Issuer or consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests held through DTC will be permitted to act only to the extent it has received appropriate proxies to do so from DTC and, if applicable, its participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests held through DTC to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Series Event of Default under the Notes of a Series or a Programme Insolvency Event, holders of Book-Entry Interests held through DTC will be restricted to acting through DTC unless and until Definitive Notes are issued in accordance with the Conditions of the Notes and the relevant Final Terms. There can be no assurance that the procedures to be implemented by DTC under such circumstances will be adequate to ensure the timely exercise of remedies under the relevant Series Trust Deed.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among participants of DTC and participants of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Security Trustee or the relevant Series Note Trustee, or any of their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

Because transactions in the Global Notes held by DTC or its custodian or Euroclear and/or Clearstream, Luxembourg or their common depository will be effected only through DTC, Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants and certain banks, as applicable, the ability of a holder of a beneficial interest in such Global Note to pledge such interest to persons or entities that do not participate in the respective systems of DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, or otherwise to take actions in respect of such interest, may be limited due to the lack of physical security representing such interest.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

Optional redemption

Although the Issuer may redeem the Notes in certain circumstances (as to which see “*Terms and Conditions of the Notes – Condition 9*”) it is not obliged to do so. The ability of the Issuer to redeem the Notes will be dependent primarily on its ability to sell the Mortgage Pool for an amount sufficient to enable the Issuer to make payments of all sums due to Noteholders upon any such redemption. Accordingly, if the Issuer is unable to raise sufficient redemption funds, the Issuer will not be able to cause an optional early redemption of the Notes.

General legal investment considerations

The investment activities of certain investors are subject to legal investment laws and regulations or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RISK FACTORS RELATING TO THE SERIES PORTFOLIOS

Factors that may affect the realisable value of each Series Portfolio or any part thereof

The realisable value of Mortgage Loans and their Related Security comprised in a Series Portfolio may be reduced (which may affect the ability of the Issuer to meet its obligations under the Programme) by a number of different factors, some of which are described in further detail below.

Default by Borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations due under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Non-Conforming Mortgage Loans

A Series Portfolio may include Mortgage Loans to Borrowers who (a) may previously have been subject to one or more County Court Judgments or the Scottish or Northern Irish equivalents (each a CCI), Individual Voluntary Arrangements (each an IVA) or Bankruptcy Orders or the Scottish equivalent (each a BO); (b) are self-employed or self-certifying; and/or (c) are otherwise considered by bank and building society lenders to be non-conforming borrowers (collectively **Non-Conforming Borrowers**).

Mortgage Loans made to Non-Conforming Borrowers are generally likely to experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to standard borrowers and therefore carry a higher degree of risk. The Lending Criteria of the Seller are more fully described in “*The Series Portfolios – Lending Criteria*” below and may be further described in respect of a particular Series Portfolio in the relevant Supplement, including in respect of a Third Party Originator.

Changes to the Lending Criteria of the Seller

Each of the Mortgage Loans originated by the Seller will have been originated in accordance with its Lending Criteria at the time of origination. It is expected that the Seller's Lending Criteria will generally

consider type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicants and credit history. In the event of the assignment of any Mortgage Loans and Related Security to the Issuer (including Substitute Mortgage Loans, Pre-Funded Mortgage Loans and Consolidated Mortgage Loans), the Seller will warrant only that such Mortgage Loans and Related Security were originated in accordance with its Lending Criteria applicable at the time of origination. The Seller retains the right to revise its Lending Criteria from time to time. If the Lending Criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of any or all of the Series, or any part thereof, and the ability of the Issuer to make payments under the Programme and the applicable Series Priorities of Payments. Mortgage Loans originated by a Third Party Originator will have been originated with lending criteria different from the Lending Criteria of the Seller as described in this Offering Circular. The lending criteria of a Third Party Originator will, as applicable to a Series, be described in the relevant Supplement.

The Issuer does not have legal title to the Mortgage Loans in the Series Portfolio on the relevant Transfer Date

The sale by the Seller to the Issuer of English Mortgage Loans and their Related Security and Northern Irish Mortgage Loans and their Related Security will take effect by way of an equitable assignment. The sale by the Seller to the Issuer of Scottish Mortgage Loans and their Related Security will be given effect by way of Scottish Declarations of Trust under which the beneficial interest in the Scottish Mortgage Loans and their Related Security will be transferred to the Issuer. As a result, legal title to English Mortgage Loans, Northern Irish Mortgage Loans and Scottish Mortgage Loans, together with, in each case, their Related Security will remain with the Seller. The Issuer, however, will have the right to demand that the Seller give it legal title to the Mortgage Loans and the Related Security in the circumstances described in "*Transaction Documents – Series Portfolio Purchase Agreements – Transfer of Title to the Loans to the Issuer*", and until such right arises the Issuer will not give notice of the sale of the Mortgage Loans and their Related Security to any Borrower or apply to the Land Registry or the Central Land Charges Registry (in relation to the English Mortgage Loans) or the Land Registry of Northern Ireland or the Registry of Deeds (in relation to the Northern Irish Mortgage Loans) to register or record its equitable interest in the English Mortgage Loans and the Northern Irish Mortgage Loans and their Related Security or take any steps to perfect its title to the Scottish Mortgage Loans and their Related Security at the Registers of Scotland.

Since the Issuer has not obtained legal title to the Mortgage Loans or their Related Security and has not protected its interest in the English Mortgage Loans and Northern Irish Mortgage Loans and their Related Security by registration of a notice at the Land Registry or taken any action to perfect its title to the Scottish Mortgage Loans and their Related Security at the Registers of Scotland, the following risks exist:

- first, if the Seller wrongly sells a Mortgage Loan and its Related Security, which has already been assigned or transferred to the Issuer in respect of a Series Portfolio, to another person and that person acted in good faith and did not have notice of the interests of the Issuer in the Loan and its Related Security, then such person might obtain good title to the Mortgage Loan and its Related Security, free from the interests of the Issuer (or in the case of loans that are originated by a Third Party Originator until such time as the transfer of those Mortgage Loans to the Seller is registered at the Land Registry or the Central Charges Registry (in relation to the English Mortgage Loans) or the Land Registry of Northern Ireland or the Registry of Deeds (in relation to the Northern Irish Mortgage Loans) or the Registers of Scotland (in relation to the Scottish Mortgage Loans), a *bona fide* purchaser from such Third Party Originator might also obtain good title to the relevant Mortgage Loan and its Related Security free from the interests of the Seller and the Issuer). If this occurred, then the Issuer would not have good title to the affected Mortgage Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer would be likely to be limited to circumstances arising from a breach by the Seller (or, until such time as transfer to the Seller of Mortgage Loans originated by a Third Party Originator is completed, a breach by such other party) of its contractual obligations or fraud, negligence or mistake on the part of the Seller, a Third Party Originator or the Issuer or their respective personnel or agents;
- second, the rights of the Issuer may be subject to the rights of the Borrowers against the Seller (or, until such time as transfer to the Seller of Mortgage Loans originated by a Third Party Originator is completed, such other party), such as rights of set-off, which occur in relation to transactions between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller; and

- third, unless the Issuer has perfected the assignment and transfer of the Mortgage Loans (which it is only entitled to do in certain circumstances), the Issuer would not be able itself to enforce any Borrower's obligations under a Mortgage Loan or Mortgage itself but would have to join the Seller as a party to any legal proceedings.

If any of the events described in the first two bullet points above were to occur, then the realisable value of a Series Portfolio or any part thereof and/or the ability of the Issuer to make payments under the Programme may be affected.

Once notice has been given to the Borrowers of the assignment or transfer of the Mortgage Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller or Third Party Originator will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Mortgage Loan) will not be affected by that notice and will continue to exist.

It should be noted, however, that for so long as the Issuer does not have legal title, the Seller will undertake for the benefit of the Issuer that it, if reasonably required to do so by the Issuer or the Security Trustee, will participate or join in any legal proceedings to the extent necessary to protect, preserve and enforce the Seller's or the Issuer's or the Security Trustee's title to or interest in any Mortgage Loan or its Related Security, and take such other steps as may be reasonably required by the Issuer or the Security Trustee in relation to any legal proceedings in respect of the Mortgage Loans and their Related Security. In the case of a transfer from a Third Party Originator, the Seller will procure a similar undertaking in favour of the Issuer and the Security Trustee from the Third Party Originator.

Legal considerations regarding Scottish Mortgage Loans

In order to perfect its security and to secure priority over any subsequent security, a Scottish Mortgage must be registered in the Registers of Scotland, failing which it will not be effective against a subsequent purchaser of the secured property or the heritable creditor under another standard security over the property. The priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by their date of registration rather than their date of execution. There is no equivalent in Scotland to the priority period system which operates in relation to registered land in England and Wales. A standard security can only be enforced by a lender in accordance with the statutory enforcement procedures. The lender's enforcement remedies are subject to the Mortgage Rights (Scotland) Act 2001. In terms of the Mortgage Rights (Scotland) Act, a borrower (or the borrower's spouse or partner) can seek to have suspended the lender's enforcement remedies which, if successful, can see the suspension of the lender's enforcement rights for such period, to such extent and subject to such condition as the court considers reasonable. A summary of the general legal background in relation to Scottish Mortgages is given in "*The Series Portfolios – Scottish Mortgage Loans*".

Sale of Mortgage Loans and their Related Security following the occurrence of a Series Event of Default or a Programme Insolvency Event

Following a Series Event of Default in respect of a Series or a Programme Insolvency Event, the Security Trustee or a receiver may sell Mortgage Loans in a Series Portfolio and their Related Security. There is not at present an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. There is no guarantee that a buyer will be found to acquire the Mortgage Loans and their Related Security at the times required and there can be no guarantee or assurance as to the price which the Security Trustee or a receiver may be able to obtain.

Limited recourse to the Seller

The Issuer and the Security Trustee will not undertake any investigations, searches or other actions in respect of any Mortgage Loan or its Related Security and will rely instead on the representations and warranties given by the Seller in the Series Portfolio Purchase Agreement in respect of the Mortgage Loans sold by the Seller to the Issuer as described under "*Transaction Documents – Series Portfolio Purchase Agreements – Representations and Warranties*" below. The sole remedy provided for in each Series Portfolio Purchase Agreement (subject to the relevant cure period as set out in the Series Portfolio Purchase Agreement and save as described below) of each of the Issuer and the Security Trustee in respect of a breach of a Representation and Warranty which could have a material adverse effect on the relevant Mortgage Loan and its Related Security (other than where such breach was disclosed and/or waived at the point of sale to

the Issuer), shall be the requirement that the Seller repurchase, or substitute a Substitute Mortgage Loan in replacement for, any Mortgage Loan which is the subject of such breach, provided that this shall not limit any other remedies available to the Issuer and/or the Security Trustee if the Seller fails to repurchase a Mortgage Loan, or substitute a Substitute Mortgage Loan, when obliged to do so.

There can be no assurance that the Seller will have the financial resources to honour such obligations under the Series Portfolio Purchase Agreements. Such obligations are not guaranteed by, nor will they be the responsibility of, any person other than the Seller and neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations.

Risk of losses associated with declining property values

The Security over the Issuer's assets may be affected by a decline in the value of the Properties. No assurance can be given that the values of the Properties have remained or will remain at the level at which they were on the dates of origination of the related Mortgage Loans. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security created by the Mortgages being significantly reduced and ultimately may result in losses to the Noteholders of the relevant Series if such Security is enforced. Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than will other regions and consequently will experience higher rates of loss and delinquency on mortgage loans generally. The relevant Supplement will contain a description of the geographic regions in respect of which there are Mortgage Loans in the Series Initial Mortgage Pool.

Risk of losses associated with Interest Only Mortgage Loans

There may be Interest Only Mortgage Loans in a Series Portfolio. Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest Only Mortgage Loan at maturity frequently depends on such Borrower's ability to refinance the Property or to obtain funds from another source such as pension policies, personal equity plans or endowment policies and therefore the Borrower may not be able to repay the Interest Only Mortgage Loan at maturity. The Seller has not required that such policies be established with respect to any Interest Only Mortgage Loans nor has it required that the benefit of any such policies be assigned to it. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the financial condition of the Borrower, tax laws and general economic conditions at that time. The amount of Mortgage Loans by value in a Series Initial Mortgage Pool constituting Interest Only Mortgage Loans will be disclosed in the relevant Supplement.

Risk of losses associated with non-owner occupied properties

There may be Properties relating to Mortgage Loans in a Series Portfolio which are not owner occupied. It is intended that such Properties (save in the case of certain properties held as investments) will be let by the relevant Borrower to tenants but there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage and/or that the rental income achievable from tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Mortgage. It is possible that upon enforcement of a Mortgage of a Property that is subject to an existing tenancy, vacant possession of the Property may not be obtained and that the Property will have to be sold as an investment property with one or more sitting tenants. This may affect the amount realised upon the enforcement of the Mortgage and the sale of the relevant Property. It is also possible that the rate of delinquencies and losses on Mortgage Loans secured by non-owner occupied properties could be higher than for Mortgage Loans secured by the primary residence of the Borrower. The number of non-owner occupied Properties in respect of which Mortgage Loans in a Series Initial Mortgage Pool have been granted will be disclosed in relation to the value represented by such Mortgage Loans in the relevant Supplement.

First Month Mortgage Loans

If a Series Pre-Funded Mortgage Pool is specified in the relevant Supplement, Mortgage Loans may be sold to the Issuer which are First Month Mortgage Loans in respect of which the first Monthly Payment has not

yet fallen due. First Month Mortgage Loans will be sold to the Issuer on the condition that the first Monthly Payment must be received by the Issuer in cleared funds by the First Month Loan Qualifying Date specified in the relevant Supplement. If the first Monthly Payment is not received by the Issuer by the First Month Loan Qualifying Date, the Seller will be obliged to repurchase the First Month Mortgage Loan from the Issuer pursuant to the terms of the relevant Series Portfolio Purchase Agreement and as described below under "*Transaction Documents – Series Portfolio Purchase Agreements – Requirement to Repurchase*". Any First Month Mortgage Loans so repurchased may be replaced with Substitute Mortgage Loans or with Pre-Funded Mortgage Loans, in each case in respect of which the first Monthly Payment has been received in cleared funds and which also meet the other conditions for such Substitute Mortgage Loans or Pre-Funded Mortgage Loans, as applicable. The amount of Mortgage Loans by value in a Series Pre-Funded Mortgage Pool constituting First Month Mortgage Loans will be disclosed in the relevant Supplement.

There can be no assurance that the Seller will have the financial resources to honour such obligations under the Series Portfolio Purchase Agreements. Such obligations are not guaranteed by, nor will they be the responsibility of, any person other than the Seller and neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations.

Pre-Funded Mortgage Loans

If the purchase price for the relevant Series Pre-Funded Mortgage Pool is less than 100 per cent of the relevant Pre-Funded Mortgage Loans Amount specified in the relevant Supplement or if the amount required to be applied in accordance with the applicable Series Priorities of Payments is less than the sum of the Pre-Funded Mortgage Loans Interest Shortfall specified in the relevant Supplement and the interest earned on the Pre-Funded Mortgage Loans Amount (when taken together with other Available Revenue Funds on such Distribution Date), a prepayment of principal to the holders of certain classes of Notes will result. Upon inclusion of the Pre-Funded Mortgage Loans in the Series Portfolio, the aggregate characteristics of the Mortgage Loans will likely vary from those in the Series Initial Mortgage Pool. There can be no certainty that the Series Pre-Funded Mortgage Pool will have the similar proportion of Repayment Mortgage Loans, Interest Only Mortgage Loans and Part and Part Mortgage Loans, owner occupied properties and non-owner occupied properties or similar geographic concentration as the Initial Mortgage Pool.

Early repayment charges may not be enforceable

As discussed under "*Regulation of the UK Residential Mortgage Market – Non-Status Lending Guidelines for Lenders and Brokers and Responsible Lending*," charges payable on any early redemption are restricted under the Guidelines that were issued by the Office of Fair Trading on 18 July 1997 and revised in November 1997. The Guidelines specifically state that charges determined under the Rule of 78 are unfair and oppressive and that lenders must discontinue its use at the earliest opportunity for loans not regulated by the Consumer Credit Act. While the Seller has never used the Rule of 78 to set such charges, the FSA has indicated that it is reviewing early redemption charges generally. Individual borrowers may also challenge early repayment charges in complaints before the Ombudsman. See "*General Regulatory Considerations – Financial Ombudsman Service*." While these complaints are decided on a case-by-case basis, they could result in money awards made to borrowers in respect of their early repayment charges. Any determination by the FSA that early repayment charges are unenforceable, or any decisions by the FSA to award money awards to borrowers in respect of early repayment charges, could adversely affect payments on the Series MERCs and could also make it easier for borrowers to repay their mortgage loans earlier, which could affect the expected repayment schedule of the Mortgage Loans.

Right-to-Buy Scheme

Mortgage Loans in a Series Portfolio may be extended to Borrowers in connection with the purchase by those Borrowers of properties from a local authority or other social landlord under the "right-to-buy" scheme governed by the Housing Act 1985 or (as applicable) the Housing (Scotland) Act 1987 (the RTB Mortgage Loans).

A purchaser under this scheme must, in certain circumstances repay some or all of the discount if the property is sold within a certain time frame, as further described under "*The Series Portfolio – Right-to-Buy Scheme*" below. The relevant local authority or social landlord obtains a statutory charge (or, in Scotland, a standard security) over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. This statutory charge (or standard security) ranks senior to other charges including

that of any mortgage lenders, and so might prevent the mortgage loan from being a regulated mortgage contract under the FSMA (at least until the liability to repay any of the discount ceases or is discharged in full), unless (i) the mortgage lender has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy and (except in Scotland) is an approved lending institution for the purposes of the Housing Act 1985 or (ii) the relevant local authority or social landlord enters into a deed of postponement postponing its statutory charge to that of a mortgage lender.

The Seller is an approved lending institution under the Housing Act 1985. There is a concern that any funds advanced by an approved lending institution which are in excess of the amount of finance for the purchase price payable by the purchaser would be considered not to be for the purpose of enabling the purchaser to exercise the right to buy and therefore would not benefit from the subordination of the statutory charge and so might prevent the mortgage loan from being a regulated mortgage contract under the FSMA (at least until the liability to repay any of the discount ceases or is discharged in full).

None of the CL Originators were approved lending institutions under the Housing Act 1985. No deeds of postponement were issued by the relevant local authority in respect of these Mortgage Loans. These Mortgage Loans are therefore subordinated to the statutory charge in favour of the relevant local authority for the first five years from the date of origination. To mitigate the risk of losses arising as a result of such temporary subordination, the Seller has obtained insurance cover from London European Title Insurance Services Limited in respect of such risk. The benefit of the relevant policy will be transferred to the Issuer under the terms of the relevant Series Portfolio Purchase Agreement.

The Seller has also obtained Right to Buy Insurance in respect of RTB Mortgage Loans, as described further under "*The Series Portfolio – Other Title Insurance*" below.

Mortgage Loans to employees of the Seller

There may be a small number of Mortgage Loans in each Series Portfolio that have been originated to members of staff of the Seller. The Borrowers under these Mortgage Loans might therefore, in limited circumstances, have rights of set-off which would not be available to other Borrowers.

GENERAL RISK FACTORS

Fixed charges may take effect under English law as floating charges

Pursuant to the terms of the Security Deed, the Issuer and Securities Holdings have purported to grant fixed charges over, amongst other things, in the case of the Issuer, its interests in the English Mortgage Loans and their Related Security and its rights and benefits in the Programme Account and the Series Accounts and in the case of Securities Holdings, its rights and benefits under the Issuer Declaration of Trust.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets for the security to be said to "fix" over those assets. It should be assumed by Noteholders that the fixed charges will take effect as floating charges. In the case of a floating charge or a charge that takes effect as a floating charge instead of a fixed charge, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the expenses of any administration, and the claims of any preferential creditors and, to the extent described in the Enterprise Act 2002 below, the claims of unsecured creditors would rank ahead of the claims of the Security Trustee in this regard. The Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents in respect of the relevant Series not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the Issuer or Securities Holdings, as applicable, will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charges contained in the Security Deed (as described in more detail below under "*General Regulatory Considerations – Enterprise Act 2002*").

GENERAL REGULATORY CONSIDERATIONS

Financial Services and Markets Act 2000

Until 31 October 2004, residential mortgage business in the United Kingdom was self-regulated under the mortgage code (the **Mortgage Code**) sponsored by the Council of Mortgage Lenders (the **CML**) and policed

by the Mortgage Code Compliance Board (the MCCB). Membership of the CML and compliance with the Mortgage Code were voluntary. The Mortgage Code set out a minimum standard of good mortgage business practice. Since 30 April 1998, lender-subscribers to the Mortgage Code were not able to accept mortgage business introduced by intermediaries who were not registered with (before 1 November 2000) the Mortgage Code Register of Intermediaries or (on or after 1 November 2000) the MCCB. The Mortgage Code ceased to apply on 31 October 2004 and the MCCB ceased its regulatory operations.

On and after 31 October 2004 (the date known as N(M)), most first-charge residential mortgage business in the United Kingdom is now regulated by the FSA and brought within the jurisdiction of the Financial Ombudsman Service (the Ombudsman).

The FSMA regime applies to any "regulated mortgage contract", which is a credit agreement where, at the time the contract was entered into: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first legal mortgage or (in Northern Ireland) a first ranking legal charge or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.

Entering into, advising on, administering and arranging regulated mortgage contracts (including arranging and advising on variations to such contracts) are regulated activities under the FSMA (together with agreeing to do any of these things).

Any person carrying out a regulated activity, unless an exemption is available, must be authorised by the FSA, with specific permission required from the FSA to engage in the activity.

In particular, an unauthorised person may arrange for an authorised person to administer his mortgage contracts but, if that arrangement comes to an end, that unauthorised person may commit an offence if it administers the mortgage contracts for more than one month after the end of the arrangement, although this will not render the contract unenforceable against the borrower.

If requirements as to authorisation of lenders and brokers, and as to the issue and approval of advertisements in respect of credit secured on land, are not complied with, a loan will be unenforceable against a borrower except with the approval of a court (and the person in breach may have committed an offence). On or after N(M), no variation has been or will be made to any Mortgage Loans where it would result in the Issuer or the Security Trustee entering into, advising on, administering or arranging a regulated mortgage contract (or agreeing to carry on any of these activities) if any of them does not have authorisation under the FSMA to do so and would be required to have such authorisation.

Under Section 150 of the FSMA, a borrower is entitled to claim damages for loss suffered as a result of any contravention of an FSA rule by an authorised person. In the case of such contravention by the originator, the borrower may claim such damages against the originator, or set-off the amount of such claim against the amount owing by the borrower under the loan agreement or any other loan agreement that the borrower has taken with the originator. Any such claim or set off may adversely affect the ability of the Issuer to make payments to the Noteholders.

The FSA's Mortgages: Conduct of Business Sourcebook (MCOB) sets out its rules in respect of regulated mortgage activities. These rules and guidance cover, *inter alia*, start of contract disclosures, post-sale disclosures (annual statements), rules on contract changes, charges, arrears and repossessions and certain pre-origination matters such as financial promotions and pre-application illustrations. MCOB came into force on N(M).

Prudential and authorisation requirements placed on authorised persons in respect of regulated mortgage activities came into force on N(M), together with rules covering the extension of the appointed representatives regime (which previously applied to investment business) to mortgages.

The FSMA regime covers contracts entered into on or after N(M) together with any pre-N(M) contracts which are varied on or after N(M) where a new contract is created (provided that the new contract satisfies the definition of regulated mortgage contract). On and after N(M), no variation has been or will be made to the Mortgage Loans, and nothing has been or will be done in relation to the Mortgage Loans, where it will result in the Issuer or the Security Trustee arranging, advising on, administering or entering into a regulated mortgage contract or agreeing to carry on any of these activities, if it would have been or would be required to be authorised under the FSMA to do so.

So as to avoid dual regulation, it is intended that a regulated mortgage contract is not regulated by the Consumer Credit Act 1974 (CCA) and the relevant regulations under the FSMA are designed to clarify the

position in this regard. A court order under Section 126 of the CCA is, however, necessary to enforce a land mortgage or a standard security securing a regulated mortgage contract that would, apart from this exemption, be regulated by the CCA or treated as such.

Any credit agreement intended to be a regulated mortgage contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, because of technical rules on: (a) determining whether the credit agreement or any part of it falls within the definition of "regulated mortgage contract"; and (b) changes to credit agreements.

Office of Fair Trading

The Office of Fair Trading (OFT) has responsibility for the issue of licences under the CCA and the monitoring of the activities of licence-holders. If the OFT feels that a licence-holder is no longer fit to hold its licence, the OFT may commence formal proceedings for the revocation of the licence. In the event that a consumer credit licence is revoked, the former licence-holder will no longer be able to carry on activities licensable under the CCA. The OFT may review businesses and operations, provide guidelines to follow, and take action when necessary with regard to the mortgage market in the United Kingdom.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

The Unfair Terms in Consumer Contracts Regulations 1999 (the 1999 Regulations) and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the UTCCR) apply to agreements made on or after 1 July 1995 and apply to all or almost all of the Mortgage Loans.

The UTCCR provide that: (a) a consumer may challenge a standard term in an agreement on the basis that it is an "unfair" term within the UTCCR, and any term in such agreement which is found to be unfair will not be binding on the consumer; and (b) the OFT, the FSA and any other "qualifying body" (as defined in the 1999 Regulations) may seek to enjoin (or, in Scotland, interdict) a business against relying on unfair terms, although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term.

This will not generally affect core terms, which set out the main subject matter of the contract, such as the Borrower's obligation to repay the principal, (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect terms deemed to be ancillary terms, which may include the ability to choose a substitute for LIBOR, where LIBOR cannot be determined under the loan agreement, and other terms the application of which are in the lender's discretion.

For example, if a term permitting the lender to vary the interest rate is found to be unfair, the borrower will not be liable to pay the increased rate or, to the extent that he has paid it, will be able, as against the lender or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of such claim against the amount owing by the borrower under the loan agreement or under any other loan agreement that the borrower has taken with the lender. Any such non-recovery, claim or set-off ultimately may adversely affect the ability of the Issuer to make payments to Noteholders.

The OFT is responsible for the issue of licences under the CCA and the related Consumer Credit Regulations promulgated thereunder. The OFT may review businesses and operations, provide guidelines to follow and take actions when necessary with regard to the mortgage market in the United Kingdom.

In February 2000, the OFT issued a guidance note (the **Guidance Note**) on what the OFT considers to be "fair" or "unfair" within the Unfair Terms in Consumer Contracts Regulations 1999 (see further below) for interest variation terms. The Guidance Note comments on a term linking an interest rate to an external rate outside the lender's control. It provides that, generally, the OFT and Consumers' Association will not regard such term as unfair if the lender explains at the outset how the interest rate is linked to the external rate and, if the link does not provide for precise and immediate tracking, the maximum margin of difference, and the time limits within which changes will be made.

A portion of the Mortgage Loans in a Series Initial Mortgage Pool may be made on terms that provide for the mortgage rate to be at a fixed margin above LIBOR (in some cases after the expiry of a period during which the mortgage rate is fixed and during which the Guidance Note will therefore not apply), and that explain when and how the tracking will take effect. A portion of the Mortgage Loans in a Series Initial Mortgage Pool may be made on terms that provide for the mortgage rate to be at a fixed margin above BBR (in some cases

after the expiry of a period during which the mortgage rate is fixed and during which the Guidance Note will therefore not apply), and that explain when and how the tracking will take effect. A portion of the Mortgage Loans in a Series Initial Mortgage Pool may be made on terms that provide for the mortgage rate to be variable (in some cases after the expiry of a period during which the mortgage rate is fixed and during which the Guidance Note will therefore not apply) and that explain when and how the tracking might take effect.

In view of mortgage regulation under the FSMA by the Financial Services Authority (FSA) (as described below), the FSA has agreed with the OFT to take responsibility for the enforcement of the 1999 Regulations in mortgage agreements. In May 2005, the FSA issued a statement of good practice on fairness of terms in consumer contracts, which is addressed to firms authorised and regulated by the FSA in relation to products and services within the FSA's regulatory scope. This statement provides that, for locked-in borrowers, a firm may consider drafting the contract to permit a change in the contract to be made only where any lock-in clause is not exercised.

In August 2002, the Law Commission for England and Wales and the Scottish Law Commission published a Joint Consultation Paper proposing changes to the 1999 Regulations, including harmonising provisions of the 1999 Regulations and the Unfair Contract Terms Act 1977, applying the 1999 Regulations to business-to-business contracts, and revising the 1999 Regulations to make them "clearer and more accessible". A final report, together with a draft bill, was published in February 2005. It is not proposed that there should be any significant increase in the extent of controls over terms in consumer contracts. Some changes are proposed, however, such as that: (a) 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 (b) in any challenge by a consumer (but not by the OFT or a qualifying body) of a standard term or negotiated term, the burden of proof lies on the business to show that the term is fair and reasonable.

There can be no assurance that any such legislative or regulatory changes will not affect the Mortgage Loans.

Non-Status Lending Guidelines for Lenders and Brokers

The OFT issued Non-Status Lending Guidelines for Lenders and Brokers (the **Guidelines**) on 18 July 1997 (revised in November 1997). The Guidelines apply to all mortgage loans made to non-standard borrowers, defined for the purposes of the Guidelines as borrowers with a low or impaired credit rating. The Guidelines are therefore applicable to all of the Mortgage Loans. See "*The Series Portfolios – Lending Criteria*".

The actions of any broker or other intermediary involved in marketing the lender's products can jeopardise the lender's fitness to hold a consumer credit licence, and the Guidelines make clear that lenders must take all reasonable steps to ensure that such brokers and other intermediaries comply with the Guidelines and all relevant statutory requirements. This is so even if the lender has no formal or informal control or influence over the broker.

The Guidelines are not primary or subordinate legislation. As such, they set out certain "principles" to be applied in the context of the non-standard residential mortgage market. The Guidelines place certain constraints on lenders in the non-standard residential mortgage market in respect of matters such as advertisement of mortgage products, selling methods employed by lenders and their brokers, underwriting, dual interest rates and early redemption payments.

Consumer Credit Act 1974

Currently, a credit agreement is regulated by the CCA where: (a) the borrower is or includes an individual, a partnership or other incorporated body of persons not consisting entirely of bodies corporate; (b) the amount of "credit" as defined in the CCA does not exceed the financial limit, which is £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA.

Any Loan might be wholly or partly regulated by the CCA or treated as such because of technical rules on:

- (a) determining whether any credit under the CCA arises, or whether the financial limit of the CCA is exceeded;

- (b) determining whether the credit agreement is an exempt agreement under the CCA (for example, it is intended that a regulated mortgage contract under the FSMA is an exempt agreement under the CCA); or
- (c) changes to credit agreements.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to licensing of lenders and brokers, documentation and procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (a) without an order of the OFT, if requirements as to licensing of lenders and brokers are not met;
- (b) totally, if the form to be signed by the borrower is not signed by the borrower personally or omits or mis-states a "prescribed term"; or
- (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender.

A court order under Section 126 of the CCA is necessary to enforce a land mortgage or standard security securing a credit agreement to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such application, the court has the power, if it appears just to do so, to amend a credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Under Section 75 of the CCA in certain circumstances: (a) the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by the lender, where the related credit agreement is or is treated as entered into under pre-existing arrangements, or in contemplation of future arrangements, between the lender and the supplier; and (b) the lender has a statutory indemnity from the supplier against such liability, subject to any agreement between the lender and the supplier. Some of the Mortgage Loans in the Mortgage Pool might be wholly or partly regulated by the CCA (and might give rise to liability under Section 75 of the CCA) in that they also finance the supply of insurance under arrangements with the supplier. The borrower may claim against the lender, or set off the amount of such claim against the amount owing by the borrower under the loan agreement or under any other loan agreement that the borrower has taken with the lender. Any such claim or set off may adversely affect the ability of the Issuer to make payments to the Noteholders.

Consumer Credit Reform

In November 2002, the DTI announced its intention that a credit agreement will be regulated by the CCA where, for credit agreements made after this change is implemented: (a) the borrower is or includes an individual, save for partnerships of four or more partners; (b) irrespective of the amount of credit (although in July 2003, the DTI announced its intention that the financial limit will remain for certain business-to-business lending); and (c) the credit agreement is not an exempt agreement. In December 2003, the DTI published a White Paper proposing amendments to the CCA and to secondary legislation made under it.

In June 2004, secondary legislation was made on: (a) amending requirements as to documentation of credit agreements, which came into force on 31 May 2005, or 31 August 2005 for agreements given to the borrower for signature but not made before 31 May 2005; (b) pre-contract disclosure, which came into force on 31 May 2005; and (c) replacing the Rule of 78 formula for calculating the maximum amount payable on early settlement with a formula more favourable to the borrower, which came into force on 31 May 2005 for new agreements, or will come into force on 31 May 2007 or 31 May 2010, depending on the term of the agreement, for agreements existing before 31 May 2005.

In December 2004, the UK Parliament published a Consumer Credit Bill proposing to amend the CCA by, *inter alia*: (a) changing the definition of a credit agreement regulated by the CCA to that announced by the DTI as described above; and (b) repealing the rule that, to the extent that a credit agreement is regulated by the CCA or treated as such, it may be unenforceable totally. If these changes are enacted, then any Loan made or changed such that a new contract is entered into after this time, other than an exempt agreement under the CCA, will be regulated by the CCA. Such Loan will have to comply with requirements under the CCA as described above and, if it does not comply, it will be unenforceable without an order of the OFT or without a court order, as described above.

This Consumer Credit Bill also proposed to amend the CCA by: (a) strengthening the licensing regime; (b) changing the grounds for challenging a credit agreement, from "extortionate bargain" to "unfair

relationship" between the lender and the borrower, with retrospective effect on existing agreements, and explicitly imposing liability to repay the borrower on both the originator and any assignee such as the Issuer; and (c) extending the jurisdiction of the Ombudsman to licence-holders under the CCA. This Consumer Credit Bill lapsed with the dissolution of Parliament on 11 April 2005 but was re-introduced in Parliament on 18 May 2005. This Consumer Credit Bill could be enacted as soon as Spring 2006, although the resulting amendments to the CCA would come into force on such days as the Secretary of State for Trade and Industry may appoint. Further proposals to amend the CCA and secondary legislation made under it are expected at an unspecified time.

The Originators have interpreted certain technical rules under the CCA in a way common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or by the Ombudsman, then a Loan, to the extent that it is regulated by the CCA or treated as such, would be unenforceable as described above. If such interpretation were challenged by a significant number of borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

Under each of the Series Portfolio Purchase Agreements, the Seller will be obliged to repurchase any Mortgage Loan that is wholly or partly regulated or to be treated as such under the CCA if a court or other dispute resolution authority finds that the obligation of the Borrower to repay principal and pay interest under the Mortgage Loan is not enforceable under that Act.

Proposed Consumer Credit Directive

In September 2002, the European Commission published a proposal for a directive of the European Parliament and of the Council on consumer credit. This proposal applied to certain mortgage loan products, including further drawings and further advances made in relation to existing agreements. This proposal, and an amended proposal published in October 2004, met with significant opposition. In July 2005, the European Commission published a Green Paper on mortgage credit, in which it announced its intention that loans secured by a land mortgage will be excluded from the proposed directive on consumer credit but will be addressed by the Green Paper process. In October 2005, the European Commission published a further amended proposal for a directive on consumer credit, which applies to loans not exceeding €50,000 (subject to certain exceptions) but does not apply to loans secured by a land mortgage.

The proposed directive on consumer credit, which may be further substantially amended, is unlikely to be adopted before mid-2006, and member states will then have a further two years in which to bring national implementing legislation into force. Until the final text of the proposed directive, any initiatives from the Green Paper process and UK implementing legislation are published, it is not certain what effect the adoption or implementation of the directive or initiatives will have on the Mortgage Loans.

Financial Services (Distance Marketing) Regulations 2004

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication, (i.e. without any substantive simultaneous physical presence of the lender and the borrower). A regulated mortgage contract under the FSMA, if made by a United Kingdom originator from an establishment in the UK will not be cancellable under these regulations. Any other credit agreement will be cancellable under these regulations, if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. The borrower may send notice of cancellation under these regulations at any time before the end of the 14th day after the day on which the cancellable agreement is made or, if later, the borrower receives the last of prescribed information.

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the lender to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security is treated as never having had effect for the cancelled agreement.

Financial Ombudsman Service

Under the FSMA, the Ombudsman is required to make decisions on, *inter alia*, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would

be fair and reasonable in all circumstances of the case, taking into account, *inter alia*, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code before N(M) may be dealt with by the Ombudsman. Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. The Ombudsman may order a money award to the borrower, which may adversely affect the value at which the Mortgage Loans could be realised and accordingly the ability of the Issuer to make payments to the Noteholders and may have an adverse effect on the Seller and the Issuer and their respective businesses and operations.

Unfair Commercial Practices Directive

In May 2005, the European Parliament and the Council adopted a directive on unfair business-to-consumer commercial practices (the **Unfair Practices Directive**). Generally, this directive applies full harmonisation, which means that member states may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, this directive permits member states to impose more stringent provisions in the fields of financial services and immoveable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the directive. This directive is intended to protect only the collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

In December 2005, the DTI published a consultation paper on implementing the Unfair Practices Directive into United Kingdom law. Member states have until 12 December 2007 in which to bring national implementing legislation into force, subject to a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies. It is too early to predict what effect the implementation of this directive would have on the Mortgage Loans, the Seller or the Issuer and their respective businesses and operations. No assurance can be given that the implementation of this directive will not adversely affect the ability of the Issuer to make payments to Noteholders.

General

No assurance can be given that action and rules and regulations, additional to those discussed above, from any regulatory authority will not be implemented with regard to the mortgage market in the United Kingdom generally, the particular sector in that market in which the Seller operates or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Mortgage Loans, the Seller and the Issuer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments to Noteholders.

European Monetary Union

If the United Kingdom joins the European Monetary Union, there is no assurance that this would not adversely affect the realisable value of the Series Portfolios or any part thereof, or pending such realisation (or if the Series Portfolios or any part thereof cannot be sold), the ability of the Issuer to make payments of interest and principal on the Notes.

It is possible that the United Kingdom may become a participating Member State in the European Monetary Union and that the euro may become the lawful currency of the United Kingdom. In that event, (a) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro; (b) applicable provisions of law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its Mortgage Loan as well as adversely affect investors. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

Changes of law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned thereto are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the

expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the law or administrative practice after the date of this Offering Circular.

Insolvency Act 2000

Following certain amendments to the Insolvency Act 1986 by the Insolvency Act 2000, certain companies (**small companies**) are entitled to seek protection from their creditors for a period of 28 days for the purposes of putting together a company voluntary arrangement with the option for creditors to extend the moratorium for a further two months. A small company is defined as one which satisfies two or more of the following criteria:

- (a) its turnover is not more than £5.6 million;
- (b) its balance sheet total is not more than £2.8 million; and
- (c) the number of employees is not more than 50.

The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that neither the Issuer nor Securities Holdings will, at any given time, be determined to be a small company. The Secretary of State for Trade and Industry may by regulation modify the eligibility requirements for small companies and can make different provisions for different cases. No assurance can be given that any such modification or different provisions will not be detrimental to the interests of Noteholders.

However, secondary legislation has been enacted which excludes certain special purpose companies in relation to capital markets transactions from the optional moratorium provisions. Such exceptions include (i) a company which is a party to an agreement which is or forms part of a capital market arrangement (as defined in that secondary legislation) under which a party has incurred, or when the agreement was entered into was expected to incur, a debt of at least £10 million and which involves the issue of a capital market investment (also defined, but generally a rated, listed or traded bond) and (ii) a company which has incurred a liability (including a present, future or contingent liability) of at least £10 million.

The Issuer and Securities Holdings have been advised that they should fall within the exceptions. There is no guidance, however, as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. Accordingly, no assurance may be given that any modification of the eligibility requirements for these exceptions will not be detrimental to the interests of Noteholders.

If the Issuer or Securities Holdings were determined to be a "small" company and determined not to fall within one of the exceptions (by reason of modification of the exceptions or otherwise), then the enforcement of the Security for the Notes may, for a period, be prohibited by the imposition of a moratorium.

Enterprise Act 2002

On 15 September 2003, the corporate insolvency provisions of the Enterprise Act 2002 (the **Enterprise Act**) came into force, amending certain provisions of the Insolvency Act 1986 (as amended, the **Insolvency Act**). These provisions introduced significant reforms to corporate insolvency law. In particular, the reforms restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration). Previously, the holder of a floating charge over the whole or substantially the whole of the assets of a company had the ability to block the appointment of an administrator by appointing an administrative receiver, who would act primarily in the interests of the floating chargeholder.

The Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security which form part of a capital market arrangement (as defined in the Insolvency Act) and which involve indebtedness of at least £50,000,000 (or, when the relevant security document (being, in respect of the transactions described in this Offering Circular, the Security Deed) was entered into, a party to the relevant transaction (such as the Issuer) was expected to incur a debt of at least £50,000,000) and the issue of a capital market investment (also defined, but generally a rated, listed or traded bond). It is expected that the security which the Issuer

will grant to the Security Trustee will fall within the capital market exception. However, it should be noted that the Secretary of State may, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this document, will not be detrimental to the interests of the Noteholders.

The Insolvency Act also contains a new out-of-court route into administration for a qualifying floating chargeholder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating chargeholder does not respond to the directors' or company's notice of intention to appoint, the directors' or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out-of-court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.

The new provisions of the Insolvency Act give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to secured creditors is secondary. No assurance can be given that the primary purpose of the new provisions will not conflict with the interests of Noteholders were the Issuer ever subject to administration.

The Act also removes the Crown's preferential rights in all insolvencies (section 251) and makes provisions to ensure that unsecured creditors take the benefits of this change (section 252). Under this latter provision the unsecured creditors will have recourse to the floating charge assets up to a fixed amount (the **prescribed part**) in priority to the holder of the floating charge concerned. The prescribed part will be 50 per cent. of the first £10,000 of floating charge assets, then 20 per cent. of the remaining floating charge assets until the prescribed part reaches a maximum of £600,000. The obligation on the insolvency officeholder to set aside the prescribed part for unsecured creditors does not apply if the floating charge realisations are less than £100,000 and the officeholder is of the view that the costs of making a distribution to unsecured creditors would be disproportionate to the benefits. The prescribed part will apply to all floating charges created on or after 15 September 2003 regardless as to whether they fall within one of the exceptions or not.

Proposed changes to the Basel Capital Accord

The Basel Committee on Banking Supervision published the text of a new framework on 26 June 2004 under the title "*Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework*". This new framework (the Framework), which places enhanced emphasis on market discipline and sensitivity to risk, will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new Framework. The committee confirmed that it is currently intended that the various approaches under the Framework will be implemented in stages, some from year-end 2006 and the most advanced at year-end 2007. Implementation of the Framework (including through the Capital Requirements Directive) could affect risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the proposals. Consequently, prospective investors in the Notes should consult their own advisers as to the consequences for and effect on them of the proposed implementation of the new Framework. The Issuer cannot predict the precise effects of potential changes which might result from implementation of the Framework.

TAX CONSIDERATIONS

Risks relating to the introduction of International Financial Reporting Standards

The UK corporation tax position of Securities Holdings depends to a significant extent on the accounting treatment applicable to it. For accounting periods beginning on or after 1 January 2005, the accounts of Securities Holdings are required to comply with International Financial Reporting Standards (IFRS) or with new UK Financial Reporting Standards (new UK GAAP) which have been substantially aligned with IFRS. There is a concern that companies such as Securities Holdings might, under either IFRS or new UK GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes, and accordingly for tax purposes, which bear little or no relationship to Securities Holdings cash position.

However, the Finance Act 2005 contains legislation which allows “securitisation companies” to prepare tax computations for accounting periods beginning on or after 1 January 2005 and ending before 1 January 2007 on the basis of UK GAAP as applicable for a period of accounts ending on 31 December 2004, notwithstanding any requirement to prepare statutory accounts under IFRS or new UK GAAP as applicable after that date. Securities Holdings is likely to be a “securitisation company” for these purposes.

The legislation contained in the Finance Act 2005 does not apply to accounting periods ending after 31 December 2006. However, the Government announced in the Pre-Budget Report of 5 December 2005 that it intends to extend the regime under the Finance Act 2005 to accounting periods ending before 31 December 2007. This is in order to provide more time to introduce a regime which will give effect to the stated policy of HM Revenue and Customs that the tax neutrality of securitisation special purpose companies in general should not be disrupted as a result of the transition to IFRS or new UK GAAP. However, if further measures or extensions to the current regime are not introduced by HM Revenue and Customs to deal with accounting periods ending after 31 December 2007, then profits or losses could arise in the Issuer as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the Programme and as such adversely affect the Issuer and therefore Noteholders.

The Finance Act 2005 contains a provision which enables HM Treasury to make regulations to create a permanent corporation tax regime for securitisation special purpose companies. However, no details of any proposed regime have yet been published, and so it is not currently possible to assess the effect that such a regime, if introduced, would have on the cashflows for the transaction and the Issuer’s ability to make payments under the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within each jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of or in respect of tax were to be withheld from that payment, neither the Issuer, any Series Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Series Paying Agent, the Issuer will be required to maintain a Series Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

The risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Borrowers to pay interest, principal or other amounts on the Mortgage Loans and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons, and the Issuer does not represent that the above statements regarding the risk of holding the Notes are exhaustive. There can be no assurance that the structural measures described in this Offering Circular will be sufficient to ensure payment to the Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes may be offered and sold outside the United States in reliance on the exemption from registration provided by Regulation S and Registered Notes may be offered and sold outside the United States in reliance on the exemption from registration provided by Regulation S and/or within the United States in reliance on Rule 144A under the Securities Act, as specified in the applicable Final Terms.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a Temporary Bearer Global Note, which will be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form provided in the relevant Series Agency Agreement (as defined in "*Terms and Conditions of the Notes*") of non-U.S. beneficial ownership or certification to the effect that the holder purchased in a transaction that did not require registration under the Securities Act and to the effect that such holder is not a United States person, or is a United States person that purchased by or through certain United States financial institutions or is a financial institution purchasing for resale during the restricted period to persons other than United States persons or persons within the United States or its possessions as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Series Principal Paying Agent. All such payments will be distributed without deduction or withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for Bearer Definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and most U.S. persons will not be able to receive Bearer Definitive Notes. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Bearer Definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. All such payments will be distributed without deduction or withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

The applicable Final Terms will specify that Book-Entry Interests in a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Notes with, where applicable, interest coupons and talons attached (exclusively) upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Series Principal Paying Agent as described therein or (b) upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) a Series Event of Default (as defined in Condition 12 of the Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes

represented by the Bearer Definitive Global Notes or (iv) the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 of the Notes (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Series Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Series Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Series Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States to non-U.S. persons that are not purchasing (or holding) the Registered Notes for the account or benefit of any U.S. person, will initially be represented by a Reg S Global Note. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each such Tranche of Notes, beneficial interests in a Reg S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the Notes and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Reg S Global Note will bear a legend describing such restrictions on transfer (see “*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*”).

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A, which may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A (QIBs) who agree to purchase the Notes for their own account and not with a view to the distribution thereof, will be represented by a Rule 144A Global Note. Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (b) be deposited with a common depository for, and registered in the name of a nominee of the common depository of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Each 144A Global Note will bear a legend describing such restrictions on transfer (see “*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*”).

Persons with beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Registered Definitive Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8(d) of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer, any Series Paying Agent or the Series Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of Book-Entry Interests in a Registered Global Note or for maintaining, supervising or reviewing any records relating to such interests. Payments of principal, interest or any other amount in respect of the Registered Definitive Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8(d) of the Notes) immediately preceding the due date for payment in the manner provided in that Condition. All such payments described in this paragraph will be distributed without deduction or withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature, except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

Book-Entry Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Notes without interest coupons or talons attached, only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) a Series Event of Default has occurred and is continuing, (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note to be exchanged for Registered Definitive Notes, (c) in the case of Global Notes registered in the name of a nominee of the common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, (d) in the case of Registered Global Notes registered in the name of a nominee of DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (e) the Notes are required to be removed from (in the case of Notes registered in the name of a nominee of the common depositary for Euroclear and Clearstream, Luxembourg) both Euroclear and Clearstream, Luxembourg or (in the case of Notes registered in the name of a nominee for DTC) DTC and, in either case, no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 of the Notes (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Series Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Series Registrar requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Series Registrar.

In the event that any Registered Global Note (or portion thereof) is redeemed, the Series Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Registered Global Note to the nominee of the common depositary for Euroclear and Clearstream, Luxembourg or to the nominee of DTC, as the case may be, and, upon final payment, surrender such Global Note (or portion thereof) to or to the order of the Series Principal Paying Agent for cancellation. Appropriate entries will be made on the Register. The redemption price payable in connection with the redemption of Book-Entry Interests in a Registered Global Note will be equal to the amount received by the Series Principal Paying Agent in connection with the redemption of the Registered Global Note (or portion thereof) relating thereto. For any redemptions of a Registered Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such basis as DTC, Euroclear or Clearstream, Luxembourg deems fair and appropriate). Upon any redemption in part, the Series Principal Paying Agent will mark down the schedule to such Registered Global Note by the principal amount so redeemed.

Cancellation of any Note represented by a Registered Global Note and required by the Conditions of the Notes to be cancelled following its redemption, will be effected by endorsement by or on behalf of the Series Principal Paying Agent of the reduction in the principal amount of the relevant Registered Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfer of Interests

Book-Entry Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note (if any) representing the Registered Notes of the relevant Tranche. No beneficial owner of a Book-Entry Interest will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

A Book-Entry Interest in a Rule 144A Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class, whether before or after the expiration of the distribution compliance period applicable to the Notes of such Tranche, only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (if available). A Book-Entry Interest in a Reg S Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made

to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a “qualified institutional buyer” within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests in a Registered Global Note among participants of DTC and participants of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the relevant Series Note Trustee, the Security Trustee or any of their respective agents will have any responsibility or liability for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

General

Pursuant to the Series Agency Agreement, the Series Principal Paying Agent shall ensure that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code, an ISIN and/or, where applicable, a CUSIP and CINS number which are different from the common code and ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche. For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount of such Notes (in which regard, any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Notes standing to the account of any person, shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents or making requests, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly. Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Series Principal Paying Agent.

In addition, holders of Book-Entry Interests in a Registered Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

Action in Respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the common depositary or the custodian, as applicable, of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the common depositary or the custodian, as applicable will deliver to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, a notice containing (a) such information

as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, will be entitled to instruct the common depositary or the custodian, as applicable as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, the common depositary or the custodian, as applicable shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. The Issuer will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Reports

The Issuer will immediately send to Euroclear, Clearstream, Luxembourg and DTC a copy of any notices, reports and other communications received relating to the Issuer, the Global Notes or the Book-Entry Interests. In addition, notices regarding the Notes will be published in a leading newspaper having a general circulation in Dublin provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters Screen, the Bloomberg Screen, or any other medium for electronic display of data as may be previously approved in writing by the relevant Series Note Trustee, publication in any such leading newspaper shall not be required with respect to such information.

Applicable Supplement and Final Terms

Set out below are the forms of Supplement and Final Terms to be completed for each Series of Notes issued under the Programme.

FORM OF SUPPLEMENT

SUPPLEMENTAL OFFERING CIRCULAR

Dated [●]

RMAC SECURITIES NO. 1 PLC

(Incorporated with limited liability in England and Wales with registered number 5593541)

MORTGAGE BACKED MEDIUM TERM NOTE PROGRAMME

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Application has been made to the Irish Financial Services Regulatory Authority (IFSRA), as competent authority under Directive 2003/71/EC (the Prospectus Directive), for this document to be approved. Application has been made to the Irish Stock Exchange Limited (the Irish Stock Exchange) for the Notes [Note any exceptions] to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. This document constitutes a prospectus (hereinafter the Supplement) in connection with the application for the Notes [Note any exceptions] to be admitted to the Official List of the Irish Stock Exchange. Reference throughout this document to "Supplement" shall be taken to read "Prospectus".

This Supplement is a supplement to the Offering Circular (the Offering Circular) dated [●] (which Offering Circular comprises a Base Prospectus for the purposes of the Prospectus Directive) and is prepared in connection with the Mortgage Backed Medium Term Note Programme (the Programme) established by RMAC Securities No. 1 Plc (the Issuer).

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular [and the supplement[s] dated [●] and [●] to the Offering Circular] together with the Final Terms to be dated on or about [the date of the Subscription Agreement] (the applicable Final Terms) and relating to the Series Portfolio described herein. The Offering Circular is incorporated by reference into this Supplement. Unless the context otherwise requires, terms defined in the Offering Circular shall have the same meaning when used in this Supplement. Certain Series specific capitalised terms used in this Supplement have the meaning set out in the Series Glossary at the back of this Supplement.

To the extent there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated in the Offering Circular (other than the applicable Final Terms), the statements in (a) above will prevail.

This Supplement has been prepared for the purpose of giving information about the issue of [insert title of issue] (the Notes) by the Issuer. [Insert description of interest payable on the Notes]

An investment in the Notes involves certain risks. For a discussion of these risks see "Risk Factors" in the Offering Circular and in this Supplement.

[Insert names of dealers]

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which it has taken reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

[Barclays Bank PLC accepts responsibility for the information contained in "Barclays Bank PLC" below. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Barclays Bank PLC as to the accuracy or completeness of any information contained in this Supplement (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.]

[The Series Cap Provider accepts responsibility for the information contained in "The Series Cap Provider" below. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Series Cap Provider as to the accuracy or completeness of any information contained in this Supplement (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.]

[The Series Currency Swap Counterparty accepts responsibility for the information contained in “*The Series Currency Swap Counterparty*” below. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Series Currency Swap Counterparty as to the accuracy or completeness of any information contained in this Supplement (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.]

Neither the Programme Arranger, the Dealers in respect of any Series, nor the Series Note Trustee nor the Security Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Programme Arranger, the Dealers in respect of any Series, any Series Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained in this Supplement or any other information provided by the Issuer in connection with the Programme. Neither the Programme Arranger, the Dealers of any Series, nor the Series Note Trustee, nor the Security Trustee accepts any liability in relation to the information contained in this Supplement or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Programme Arranger, any of the Dealers, the Series Note Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Supplement or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Programme Arranger, any of the Dealers, the Series Note Trustee or the Security Trustee.

Neither this Supplement nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Seller, the Programme Arranger, any of the Dealers, the Series Note Trustee or the Security Trustee that any recipient of this Supplement or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Supplement nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Seller, the Programme Arranger, any of the Dealers, the Series Note Trustee or the Security Trustee to any person to subscribe for or to purchase any Notes.

This Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Supplement in any jurisdiction where such action is required.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Supplement, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

RISK FACTORS

[Interest Rate Matching] [Insert other risk factors as necessary in the context of the Series Portfolio (e.g. declining property values, Interest Only Mortgage Loans, non-owner occupied properties, First Month Mortgage Loans)]

[If subordinated notes (e.g. c notes), detachable coupons, 2a-7 notes or any other notes not previously issued under the programme are issued, include other risk factors as necessary]

SERIES DOCUMENTS

[List relevant documents and Series Secured Creditors]

SERIES CREDIT STRUCTURE

[Series Hedge Agreements]

[Insert description of each Series Hedge Provider and each Series Hedge Agreement]

[Series Credit Support Agreements]

[Insert description if applicable]

[Reserves/Over-collateralisation]

[Insert description if applicable]

[Series Subordinated Facility Providers]

[Insert description if applicable (e.g. Series MER Loan)]

[Series MERCs]

[Insert description if applicable]

[Series Residuals]

[Insert description if applicable]

Series Interest Rate Matching

[To be inserted]

Series Ledgers

[To be inserted]

Series Permitted Withdrawals

[To be inserted]

[Series[●] Remarketing Agent]

[Insert description if applicable]

[Series[●] Conditional Purchaser]

[Insert description if applicable]

[Series[●] Tender Agent]

[Insert description if applicable]

[Insert any other topics of credit structure]

[description to be inserted]

SERIES PRIORITIES OF PAYMENTS

Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments

On each Distribution Date prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the Series, Available Revenue Funds standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

[To be inserted]

Available Revenue Funds means [●].

Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments

On each Distribution Date following service of a Series Enforcement Notice in respect of the Series, but prior to service of a Series Acceleration Notice in respect of such Series, the Security Trustee or any appointee or receiver will hold on trust all Available Revenue Funds received or recovered by it and such Available Revenue Funds will be applied by the Series Cash Manager on behalf of the Security Trustee on each Distribution Date in making the following payments and provisions (the **Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

[To be inserted]

Series Pre-Acceleration Principal Priority of Payments

On each Distribution Date prior to the service of a Series Acceleration Notice in respect of the Series, Actual Redemption Funds standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

[To be inserted.]

Actual Redemption Funds means [●].

Series Post-Acceleration Priority of Payments

Following service of a Series Acceleration Notice in respect of the Series, all moneys received or recovered by the Security Trustee (or a receiver appointed on its behalf) in respect of such Series under the Security Deed will be applied following the enforcement of the Security in respect of the Series by the Series Cash Manager on behalf of the Security Trustee in the following order of priority (the **Series Post-Acceleration Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

[To be inserted]

Determination Date means [●].

Distribution Date means [●].

[Additional Series Events of Default in respect of Series]

[List if applicable]

USE OF PROCEEDS

[To be inserted]

[THIRD PARTY DISCLOSURE]

[To be inserted. E.g. Barclays Bank PLC, Series Cap Provider, Series Currency Swap Counterparty]

SERIES PORTFOLIO

[Insert description which may include composition, key characteristics, additional or amended lending criteria and representations and warranties (such as final maturity date and amendments in respect of on-sales and second ranking mortgages). Describe interest calculation and number of loans that are LIBOR, BBR, SVR etc). Provide information regarding any other originators or second ranking mortgages being sold to the Issuer. Specify amount of (i) First Month Mortgage Loans, (ii) Pre-Funded Mortgage Loan Amounts, (iii) Interest Only Mortgage Loans, Repayment Mortgage Loans and Part and Part Mortgage Loans, (iv) Prime, Near-Prime and Non-Conforming Mortgage Loans, (v) Non-Conforming Mortgage Loans subject to

repossessions, (vi) loans where the leasehold property that acts as security post-dates the maturity of the Mortgage Loan by less than 30 years, (vii) retention monies, (viii) loans originated pursuant to the Express Completion Service, (ix) Investment Mortgage Loans and (x) non-owner occupied Properties in respect of the Series Initial Mortgage Pool. Also include geographical profile in relation to "Risk of loss associated with declining property values" risk factor. Include details of whether any Third Party Originators are approved lending institutions for RTB scheme and number of RTB loans originated by them in the pool. Include details of Income multiples. Include disclosure on methods of valuation if drive-by or AVM.]

Key characteristics of the Series Initial Mortgage Pool

[To be inserted]

Characteristics of the Mortgage Loans

[To be inserted]

CHARACTERISTICS OF SERIES INITIAL MORTGAGE POOL

[To be inserted]

[Table to be inserted]

SERIES PORTFOLIO PURCHASE AGREEMENT

[If applicable, insert description of additional or amended Transfer Conditions, Representations and Warranties or any other relevant terms of the Series Portfolio Purchase Agreement Supplement]

[Insert description of Pre-Funded Mortgage Loans if applicable]

Further Advances

Representations and Warranties

Substitute Mortgage Loans

WEIGHTED AVERAGE LIVES OF THE NOTES

[To be inserted]

UNITED STATES FEDERAL INCOME TAXATION

[To be inserted]

GENERAL INFORMATION

1. It is expected that each Tranche of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note initially representing the Notes of such Tranche. The listing of the Programme in respect of the Notes was granted on [●].
2. The Series Irish Paying Agent in respect of the Series will be [●].
3. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer dated [●].
4. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the previous 12 months a significant effect on the financial position or profitability of the Issuer.
5. Save as disclosed in this Supplement, there has been no material adverse change in the financial position or prospects of the Issuer since [the date of its incorporation/the date of its last published audited financial statements/[●] being the date of the Offering Circular].

6. The Notes have been accepted for clearance through [Euroclear, Clearstream, Luxembourg/DTC] under Common Code [●]/CUSIP [●].
7. From the date hereof and for so long as the Notes are outstanding, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Series Paying Agents for the time being in London and in Dublin:
 - (a) this Supplement;
 - (b) the Final Terms relating to the Notes and attached as Annex 1 to this Supplement;
 - (c) the Series Trust Deed relating to the Notes (incorporating the Trust Terms);
 - (d) the Series Intercreditor Deed Supplement relating to the Notes;
 - (e) the Series Agency Agreement (incorporating the Agency Terms);
 - (f) the Series Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms) relating to the Notes;
 - (g) the Series Servicing Agreement (incorporating the Servicing Terms) relating to the Notes;
 - (h) the Series Standby Servicing Agreement (incorporating the Standby Servicing Terms) relating to the Notes;
 - (i) the Series Cash Management Agreement (incorporating the Cash Management Terms) relating to the Notes;
 - (j) the Series Subscription Agreement relating to the Notes;
 - (k) the Series Bank Account Agreement relating to the Notes (incorporating the Bank Account Terms);
 - (l) the Series Post-Enforcement Call Option Agreement;
 - (m) [Series Security Deed Supplement if any Series Additional Security will be created]
 - (n) [List each Series Hedge Agreement];
 - (o) [List any Series Credit Support Agreements, including any Series Liquidity Facility Agreement];
 - (p) [List any Series Remarketing Agreement and Series Conditional Purchase Agreement];
 - (q) [List any Series Subordinated Facility Agreements];
 - (r) the forms of the Global Notes, the Definitive Notes, the Coupons and the Talons (as applicable);
and
 - (s) [insert others as necessary].

ANNEX 1

FORM OF FINAL TERMS

Set out below is the form of Final Terms for each Tranche of Notes which will contain such of the following information (which may be modified in relation to any particular issue of Notes by agreement between the Issuer and the relevant Dealers) as is applicable in respect of such Notes.

Final Terms dated [●]

RMAC SECURITIES NO. 1 PLC

(Incorporated with limited liability in England and Wales with registered number 5993541)

MORTGAGE BACKED MEDIUM TERM NOTE PROGRAMME

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions as set forth in the Offering Circular dated [●] [and the supplemental offering circular dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular (as supplemented from time to time). Copies of the Offering Circular are available free of charge to the public at the registered office of the Issuer and from the specified office of each of the Series Paying Agents.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Note: the covenants in Condition 4 should not be amended]

PART A: CONTRACTUAL TERMS

- | | | |
|----|-----------------------------------|---|
| 1. | Issuer: | RMAC Securities No. 1 Plc |
| 2. | (a) Series: | [] |
| | (b) Tranche: | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [] |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | [] |
| | (b) Tranche: | [] |
| 5. | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| 6. | Specified Denominations: | [] |
| | | <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i> |

7. (a) Issue Date: []
 (b) Interest Commencement Date: []
8. Final Maturity Date: *[specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[] % Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] % Floating Rate]
 [Zero Coupon]
 [Other (specify)]
 (specify any step-up if applicable)
 (further particulars specified below)
10. Rate of Interest: [●]
11. Redemption/Payment Basis: [Redemption at par]
 [Other (specify)]
12. Deferral of Interest and/or Principal: *[give details]*
13. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another Interest Basis or Redemption/Payment Basis]*
14. Yield: [], Calculated as *[explain].*
[Fixed Rate Notes only]
 Not Applicable
[Other Notes]

(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

15. (a) Listing: [Ireland/other (specify)/None]
 (b) Admission to trading: It is expected that listing of the Notes on the Official List of the [● Stock Exchange] will be granted on or about [●], 2006.
 (c) Estimate of total expenses related to admission to trading: []

16. Method of distribution: [Syndicated/Non-syndicated]

CLASSES OF NOTES

17. Classes of Notes: *[give details]*
18. Ranking between Classes/Subordination provisions: *[give details]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

20. (a) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] [(If payable other than annually, consider amending Condition 6 (Interest))]
- (b) Distribution Date(s): [On each Distribution Date]/[] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (c) Fixed Coupon Amount(s): [] per [] in nominal amount
- (d) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (e) Day Count Fraction: [³⁰/₃₆₀/Actual/Actual/(ISMA)/specify other]
- (f) Interest Determination Date(s): [] in each year (insert regular distribution dates, ignoring issue date or maturity date in the case of a long or short first or last coupon) (NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
21. Floating Rate Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Distribution Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ [specify other]]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ [specify other]]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Series Agent Bank): []
- (f) Screen Rate Determination:
- Reference Rate: [] (LIBOR/EURIBOR or other) (additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)

- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) (ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date:) []
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/365 or Actual/Actual
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
³⁰/₃₆₀, ³⁶⁰/₃₆₀, Bond Basis
^{30E}/₃₆₀
Other]
(See Condition 6 (Interest) for alternatives)
- (l) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions of the Notes: []
22. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Any other formula/basis of determining amount payable: []
 - (b) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase – Early Redemption Amounts] apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)]

PROVISIONS RELATING TO REDEMPTION

23. Final Redemption Amount of each Note: [[] per Note of [] Specified Denomination/specify other /see Appendix]]
(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
24. Final Maturity Date: [●]
25. Mandatory Redemption in part: [Applicable/Not applicable]
26. Optional Redemption:
- (a) Optional Redemption for tax reasons [Applicable/Not Applicable]
- (b) Optional Redemption (Minimum Amount Outstanding:) [Applicable/Not Applicable]
- (c) Optional Redemption Amount of each Note [●]
27. Remarketing/Conditional Purchase: [Applicable/Not Applicable]
(if applicable, give details)
28. Early Redemption Amount of each Note: *[Refer as necessary to the related Supplement]*
29. Additional Series Event of Default: [Applicable/Not Applicable] *[Refer as necessary to the related Supplement and Condition 12 (Series Event of Default) as necessary.]*
30. Other [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

31. Form of Notes: [Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Definitive Notes [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]]

[Registered Notes:

[Reg S Global Note registered in the name of [a nominee for DTC/a nominee of the common depository of Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note registered in the name of [a nominee for DTC/a nominee of the common depository of Euroclear and Clearstream, Luxembourg]]]
32. Financial Centre(s) or other special provisions relating to Distribution Dates: [Not Applicable/give details]
(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 19(c) relates)

33. Detachable Coupons: [Yes/No. *If yes, give details*]
34. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
35. Redenomination applicable: [Not Applicable/The provisions annexed to this Final Terms apply]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Mortgage Backed Medium Term Note Programme of RMAC Securities No. 1 Plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B: OTHER INFORMATION

DISTRIBUTION

36. (a) Lead Manager(s): [Not Applicable/give names]
37. (b) Stabilising Manager (if any): [Not Applicable/give names]
38. Dealer(s): [●]
39. Whether TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA not applicable]
40. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

41. Clearing system(s): [Euroclear]
[Clearstream, Luxembourg]
[DTC]
[other]
42. Names and addresses of additional Series Paying Agent(s) (if any): []
(*give names and addresses*)
43. Ratings: [S&P: []]
[Moody's: []]
[Fitch: []]
44. Governing Law: English Law
45. Note Notices Newspaper:

SERIES RESIDUALS/SERIES MERCs

46. Series Residuals to be issued: [Applicable/Not Applicable] [If applicable description to be inserted in related Supplement]
47. Series MERCs to be issued: [Applicable/Not Applicable] [If applicable description to be inserted in related Supplement]
48. Instruments [●]

ADDITIONAL INFORMATION RELATED TO THE APPLICABLE SERIES

[Insert as applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) (such Series, the **applicable Series**) of Notes constituted by a trust deed in respect of the applicable Series (such trust deed as amended and/or supplemented and/or restated from time to time, the **Series Trust Deed**) dated on or about the Issue Date of the applicable Series and made between RMAC Securities No. 1 plc (the Issuer) and J.P. Morgan Corporate Trustee Services Limited (the **Series Note Trustee**, which expression includes the trustee or trustees for the time being of the Series Trust Deed) as trustee for the Noteholders of the relevant Series.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

1. in relation to any Notes represented by a global Note in bearer form (a **Bearer Global Note**) or by a global Note in registered form (a **Registered Global Note** and together with the Bearer Global Notes, the **Global Notes**), units of the lowest Specified Denomination in the Specified Currency;
2. any Global Note;
3. any definitive Notes in bearer form (**Bearer Definitive Notes** and together with the Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Global Note in bearer form; and
4. any definitive Notes in registered form (**Registered Definitive Notes** and together with the Registered Global Notes, the **Registered Notes**, and the Registered Definitive Notes together with the Bearer Definitive Notes, the **Definitive Notes**) issued in exchange for a Global Note in registered form.

The Notes and the Coupons (as defined below) have the benefit of a series agency agreement in respect of the applicable Series (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Series Agency Agreement**) dated on or about the Issue Date of the applicable Series and made between the Issuer, the Series Note Trustee, JP Morgan Chase Bank N.A. as issuing and series principal paying agent and agent bank, unless otherwise specified in the relevant Supplement (the **Series Principal Paying Agent**, which expression shall include any successor series principal paying agent and the **Series Agent Bank**, which expression shall include any successor series agent bank) and the other paying agents named therein (together with the Series Principal Paying Agent, the **Series Paying Agent**, which expression shall include any additional or successor paying agents), J.P. Morgan Bank Luxembourg S.A. as registrar and transfer agent in respect of each Series of Registered Notes, unless otherwise specified in the relevant Supplement (the **Series Registrar and Transfer Agent**, which expressions shall include any successor registrar) and transfer agents) and JP Morgan Chase Bank N.A. as exchange rate agent in respect of each Series of Registered Notes represented by a Registered Global Note held through DTC, unless otherwise specified in the relevant Supplement (the **Series Exchange Rate Agent**).

The Notes of each Series may be issued in one or more Classes as set out in detail in the applicable Final Terms.

Interest bearing Bearer Definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Bearer Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and supplement these Conditions and may specify other conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are

registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Series Note Trustee acts for the benefit of the Noteholders and the Couponholders, in each case of the applicable Series, for the time being in accordance with the provisions of the Series Trust Deed.

As used herein, **Class** means Notes which are identical in all respects (including as to listing), **Tranche** means one or more Classes of Notes identified in a Final Terms and issued on the same date and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

These Conditions include summaries of, and are subject to, the detailed provisions of the following agreements: the Series Trust Deed, the Series Agency Agreement, a security deed (such security deed as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated on or about 29 March 2006 between, *inter alios*, the Security Trustee and the Issuer, an intercreditor deed (such intercreditor deed as amended and/or supplemented and/or restated from time to time, the **Intercreditor Deed**) dated on or about 29 March 2006 between, *inter alios*, the Security Trustee, the Series Note Trustee and each of the Secured Creditors together with a supplement to the Intercreditor Deed in respect of the applicable Series (the **Series Intercreditor Deed Supplement** and, together with the Series Trust Deed, Series Agency Agreement, the Security Deed, and the Intercreditor Deed, the **Principal Note Agreements**)) dated on or about the Issue Date of the applicable Series between, *inter alios*, the Series Note Trustee and any new Series Secured Creditors. Copies of the Principal Note Agreements and the Master Definitions and Construction Schedule (as defined below) are available for inspection during usual business hours at the specified office of the Series Note Trustee (which unless indicated otherwise in the relevant Supplement is at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified office of each of the Series Principal Paying Agent, the Series Registrar (in the case of Registered Notes) and the other Series Paying Agents and Series Transfer Agents (such Series Agents and the Series Registrar being together referred to as the **Series Agents**). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Series Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Series Note Trustee or, as the case may be, the relevant Series Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are entitled to the benefit of the Series Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Principal Note Agreements and the applicable Final Terms which are applicable to them. In the event of inconsistency between a Principal Note Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, capitalised words and expressions shall, unless otherwise defined herein or defined or used in the applicable Final Terms or Supplement, have the same meanings as those given in the Master Definitions and Construction Schedule (such Master Definitions and Construction Schedule as amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Schedule**) dated on or about 29 March 2006 and signed by the Issuer, the Security Trustee and the Seller.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

A Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Bearer Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Series Agency Agreement. The Issuer, the Series Note Trustee and any Series Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any

notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (Euroclear) and/or Clearstream Banking, société anonyme (Clearstream, Luxembourg), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Series Note Trustee and the Series Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Series Note Trustee and any Series Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Series Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as the Depository Trust Company (DTC) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Series Principal Paying Agent and the Series Note Trustee.

2. TRANSFERS OF REGISTERED NOTES

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the conditions specified in the Series Trust Deed and the Series Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Definitive Notes

Upon the terms and subject to the conditions specified in the Series Trust Deed and the Series Agency Agreement, a Registered Definitive Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Definitive Note for registration of the transfer of the Registered Definitive Note (or the relevant part of the Registered Definitive Note) at the specified office of the Series Registrar or any Series Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Series Registrar or, as the case

may be, the relevant Series Transfer Agent and (ii) the Series Registrar or, as the case may be, the relevant Series Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Series Registrar may from time to time prescribe (the initial regulations being set out in the Series Agency Agreement). Subject as provided above, the Series Registrar or, as the case may be, the relevant Series Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Series Registrar or, as the case may be, the relevant Series Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Definitive Note of a like aggregate nominal amount to the Registered Definitive Note (or the relevant part of the Registered Definitive Note) transferred. In the case of the transfer of part only of a Registered Definitive Note, a new Registered Definitive Note in respect of the balance of the Registered Definitive Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Closed periods

No holder of a Registered Note may require the transfer of such Registered Note, or any part of it, to be registered during the period of 15 days ending on a Distribution Date. In addition, in the event of a partial redemption of Notes under Condition 9 (*Redemption and Post-Enforcement Call Option*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Reg S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Series Registrar of a written certification substantially in the form set out in the Series Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which will be available from the specified office of the Series Registrar or any Series Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Rule 144A Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Reg S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Rule 144A Notes

Transfers of Rule 144A Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Reg S Global Note, upon receipt by the Series Registrar of a duly completed Transfer Certificate from the transferor to the effect that such

transfer is being made in accordance with Regulation S and that in the case of a Reg S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (ii) to a transferee who takes delivery of such interest through a Rule 144A Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Rule 144A Notes, or upon specific request for removal of the legend thereon, the Series Registrar shall deliver only Rule 144A Notes or refuse to remove the legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Definitions

In this Condition, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the later of the commencement of the offering and the Issue Date;

Rule 144A Note means Notes that are represented by a Rule 144A Global Note or that were so represented prior to exchange for Definitive Notes;

QIB means a **qualified institutional buyer** within the meaning of Rule 144A;

Regulation S means Regulation S under the Securities Act;

Reg S Global Note means Notes in registered global form initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means Notes in registered global form initially offered and sold inside the United States to QIBs in reliance on Rule 144A; and

Securities Act means the U.S. Securities Act of 1933, as amended.

3. STATUS, SECURITY AND ADMINISTRATION

- (a) The Notes constitute direct, secured and, subject, where applicable, as provided in Condition 7 (*Deferral of Interest and Principal*), unconditional obligations of the Issuer. The Notes of each Class rank *pari passu* without preference or priority amongst themselves and, in relation to other Classes of Notes of the same Series, rank as provided in the Series Priorities of Payments set out in the applicable Supplement.
- (b) The Series Trust Deed contains provisions requiring the Series Note Trustee to have regard to the interests of the holders of all Classes of Notes and other Instruments comprised in a Series equally as regards all rights, powers, trusts, authorities, duties and discretions of the Series Note Trustee (except where expressly provided otherwise), but requiring the Series Note Trustee in any such case to have regard only to the interests of the Class or, as the case may be, Classes of Noteholders ranking most or more senior in the applicable Series Priorities of Payments set out in the applicable Supplement if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Classes of Notes comprised in a Series and to have regard only to the interests of the holders of the relevant Class or Classes of Noteholders if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Class or Classes of Notes and the holders of any Instruments other than Notes.

- (c) The Security constituted by or pursuant to the Security Deed in respect of each Series is granted to the Security Trustee, on trust for the Noteholders of each Series and certain other creditors of the Issuer, upon and subject to the terms and conditions of the Security Deed.
- (d) The Noteholders will share in the benefit of the Security constituted by or pursuant to the Security Deed, upon and subject to the terms and conditions of the Security Deed and the Intercreditor Deed.

4. COVENANTS

4.1 Save with the prior written consent of the Series Note Trustee or as provided in or envisaged by any of the Principal Note Agreements or the other Transaction Documents specified in the applicable Final Terms and/or related Supplement, the Issuer shall not, for so long as any Note remains outstanding (as defined in the Series Trust Deed), *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law) charge or other security interest upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking except where the same is given in connection with the issue of a Series;

(b) Restrictions on Activities

(i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open any account whatsoever with any bank or other financial institution, except in connection with the issue of a Series where such account is immediately charged in favour of the Security Trustee;

(iii) have any subsidiaries or employees or premises; or

(iv) act as a director of any company;

(c) Borrowings

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or otherwise become obligated in respect of any obligation of any person, except where the same is incurred or given or the Issuer becomes so obligated (as applicable) in connection with the issue of a Series;

(d) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(e) Disposal of Assets

transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein, provided that the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein that forms part of the Series Assets of such Series where the proceeds of the same are applied, *inter alia*, in or towards redemption of such Series in accordance with the Conditions of such Series and the terms of the Transaction Documents relating to such Series;

(f) Tax Grouping

become a member of a group of companies for the purposes of Value Added Tax;

(g) Further Shares

issue any further shares, or

(h) Other

permit any of the Transaction Documents applicable to the Series, the insurance contracts relating to the Mortgage Loans in the Series Portfolio owned by the Issuer or the priority of the security interest created thereby to be amended, invalidated, rendered ineffective, terminated or discharged,

or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Series Trust Deed and these Conditions, or permit any party to any of the Transaction Documents applicable to the Series or such insurance contracts or any other person whose obligations form part of the Security relating to the Series to be released from such obligations, or dispose of any Mortgage or Mortgage Loan in the Series Portfolio save as envisaged in these Conditions and in the Transaction Documents applicable to the Series.

In giving any consent to the foregoing, the Series Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents applicable to the Series or may impose such other conditions or requirements as the Series Note Trustee may deem expedient in the interests of the Noteholders.

4.2 The Issuer shall:

- (i) maintain books and records separate from any other person or entity;
- (ii) maintain its accounts separate from those of any other person or entity;
- (iii) not commingle assets with those of any other entity (other than collections in respect of the Mortgage Loans, which may be placed in an account in the name of the GMAC-RFC Limited);
- (iv) conduct its own business in its own name;
- (v) maintain separate financial statements;
- (vi) pay its own liabilities out of its own funds;
- (vii) observe all corporate, partnership, or other formalities required by the constituting documents (including for the avoidance of doubt, maintaining adequate capital for its operations in respect of the relevant Series);
- (viii) maintain an arm's length relationship with its affiliates (if any);
- (ix) not acquire obligations or securities of its partners or shareholders;
- (x) use separate stationery, invoices and checks; and
- (xi) hold itself out as a separate entity.

5. REDENOMINATION

(a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer will, after prior consultation with the Series Note Trustee, but without the consent of the Noteholders and the Couponholders, on giving prior notice to the Series Principal Paying Agent, DTC, Euroclear and/or Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 19 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes denominated in Sterling shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Series Note Trustee, the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Series Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Series Cash Manager may approve) euro 0.01 and such other denominations as the Series Cash Manager shall determine and notify to the Noteholders;

- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in Sterling (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the Exchange Notice) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in Sterling in such manner as the Series Cash Manager may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
 - (v) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to Sterling were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
 - (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Distribution Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
 - (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
 - (viii) such other changes shall be made to this Condition as the Series Note Trustee (acting in accordance with the Series Note Trust Deed) may agree and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.
- (b) Definitions

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Sterling (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the United Kingdom first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty establishing the European Community, as amended.

6. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Distribution Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Distribution Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Distribution Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) a Distribution Date (or the Interest Commencement Date) to (but excluding) the next (or first) Distribution Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 6(a):

- (i) if "Actual/Actual (ISMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Distribution Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Interest Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Interest Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Interest Determination Period during which the Accrual Period ends, the sum of:
 - I. the number of days in such Accrual Period falling in the Interest Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Interest Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - II. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Interest Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if " $\frac{30}{360}$ " is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Distribution Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Interest Determination Period means each period from (and including) an Interest Determination Date (as defined in the applicable Final Terms) to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Distribution Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) Interest on Floating Rate Notes

(i) Distribution Dates

Each Floating Rate Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Distribution Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Distribution Date, a **Distribution Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Distribution Date or, in the case of the first Distribution Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) a Distribution Date (or the Interest Commencement Date) to (but excluding) the next (or first) Distribution Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which a Distribution Date should occur

or (y) if any Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 6(b)(i)(B) (Interest) above, the Floating Rate Convention, such Distribution Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Distribution Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Distribution Date occurred; or
- (2) the Following Business Day Convention, such Distribution Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (C) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (D) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the **TARGET System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Series Agent Bank under an interest rate swap transaction if the Series Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Series Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Series Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Series Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Series Agent Bank will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Series Agent Bank will calculate the amount of interest (the **Interest Amount**) payable in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (A) if "Actual/365" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of a Distribution Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if " $30/360$ ", " $360/360$ " or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Series Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Distribution Date to be notified to the Issuer, the Series Principal Paying Agent, the Series Servicer, the Series Note Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 19 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Distribution Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Series Note Trustee, each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 19 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Determination and/or Calculation by Series Note Trustee

If the Series Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount in accordance with the foregoing paragraphs, the Series Note Trustee shall (A) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be) (B) calculate the Interest Amount in the manner specified in paragraph (iv) above, and any such determination and/or calculation shall be deemed to have been made by the Series Agent Bank or other person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and Interest Amount.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b) (*Interest – Interest on Floating Rate Notes*) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Series Note Trustee, the Series Principal Paying Agent, the other Series Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Series Note Trustee, the Noteholders or the Couponholders shall attach to the Series Principal Paying Agent or the Series Note Trustee in connection with the exercise or non-exercise by them of any of their powers, duties and discretions pursuant to such provisions.

(viii) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (A) the date on which all amounts due in respect of such Note have been paid; and
- (B) seven days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Series Principal Paying Agent or the Series Registrar, as the case may be, and notice to that effect has been given to the Series Note Trustee and to the Noteholders in accordance with Condition 19 (*Notices*),

except to the extent that there is any subsequent default in payment. Any interest shortfall shall accrue interest during each Interest Period during which it remains outstanding in accordance with paragraph 7 (d) below.

7. DEFERRAL OF INTEREST AND PRINCIPAL

- (a) Interest on the Notes shall be payable in accordance with Condition 6 (*Interest*), Condition 8 (*Payments*) and the applicable Final Terms, except that if deferral of interest is indicated in the applicable Final Terms in respect of a Class of Notes (except the most Senior Class of Notes in a Series):
 - (i) in the event that the aggregate funds (if any) calculated in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments or Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the Supplement related to the applicable Final Terms as being available to the Issuer on any Distribution Date for application in or towards the payment of interest on such Class of Notes which is, subject to this Condition 7(a), due on such Distribution Date (such aggregate available funds being referred to in this Condition 7(a) as the **Relevant Residual Amount**) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 7(a), due on such Class of Notes on such Distribution Date, there shall be payable on such Distribution Date, by way of interest on each Note of such Class, a pro rata share of the Relevant Residual Amount; and
 - (ii) in the event that, by virtue of the provisions of sub-paragraph (i) above, a pro rata share of the Relevant Residual Amount or, as the case may be, nothing is paid to Noteholders of any Class in accordance with such provisions, the Issuer (or the Series Cash Manager on its behalf) shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on such Class of Notes on any Distribution Date in accordance with this Condition 7(a) falls short of the aggregate amount of interest otherwise payable on such Class of Notes on that date pursuant to the provisions of Condition 6 (*Interest*) and the applicable Final Terms. Such shortfall shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the applicable rate for such Class of Notes for such Interest Period. The amount of such shortfall plus any interest accrued thereon shall be aggregated with the amount of, and treated for the purpose of Condition 6 (*Interest*) as if it were, interest due, subject to this Condition 7(a), on such Class of Notes on the next succeeding Distribution Date.
- (b) Principal on the Notes shall be payable in accordance with Condition 8 (*Payments*) and Condition 9 (*Redemption and Post-Enforcement Call Option*) and the applicable Final Terms, except that if deferral of principal is indicated in the applicable Final Terms in respect of a Class of Notes:
 - (i) in the event that the aggregate funds (if any) calculated in accordance with the Series Pre-Acceleration Principal Priority of Payments set out in the Supplement related to the applicable Final Terms as being available to the Issuer on any Distribution Date for application in or towards the payment of principal on such Class of Notes which is, subject to this Condition 7(b), due on such Distribution Date (such aggregate available funds being referred to in this Condition 7(b) as the **Principal Residual Amount**) are not sufficient to satisfy in full the aggregate amount of principal which is, subject to this Condition 7(b), due on such Class of Notes on such Distribution Date, there shall be payable on such Distribution Date, by way of principal on each Note of such Class, a pro rata share of the Principal Residual Amount; and

- (ii) in the event that, by virtue of the provisions of sub-paragraph (i) above, a pro rata share of the Principal Residual Amount or, as the case may be, nothing is paid to Noteholders of a Class in accordance with such provisions, the Issuer (or the Series Cash Manager on its behalf) shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on such Class of Notes on any Distribution Date in accordance with this Condition 7(b) falls short of the aggregate amount of principal otherwise payable on such Class of Notes on that date pursuant to the provisions of Condition 8 (*Payments*), Condition 9 (*Redemption and Post-Enforcement Call Option*) and the applicable Final Terms. Such shortfall shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the applicable rate for such Class of Notes for such Interest Period and shall be payable together with such accrued interest on the following Distribution Dates subject to the provisions of Condition 7(a) (in the case of such accrued interest) and this Condition 7(b) (in the case of such shortfall of principal).
- (c) Any amounts of principal or interest in respect of a Class of Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 7, together with accrued interest thereon, shall in any event become payable on the Distribution Date falling on the Final Maturity Date indicated in the applicable Final Terms or on such earlier date as the relevant Class of Notes become subject to redemption in full in accordance with Condition 9 (*Redemption and Post-Enforcement Call Option*) subject to the applicable Final Terms or as the relevant Class of Notes become immediately due and repayable under Condition 12 (*Series Events of Default*).
- (d) As soon as practicable after becoming aware that any part of a payment of interest or principal on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 7, the Issuer will give notice thereof to the relevant Class of Noteholders in accordance with Condition 19 (*Notices*).

8. PAYMENTS

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

(b) Presentation of Bearer Definitive Notes and Coupons

Payments of principal in respect of Bearer Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Definitive Notes, and payments of interest in respect of Bearer Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Series Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time

before the expiry of 10 years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Distribution Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Bearer Definitive Note is not a Distribution Date, interest (if any) accrued in respect of such Note from (and including) the preceding Distribution Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Series Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Series Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Series Registrar or any of the Series Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Series Registrar (the **Registrar**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Series Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Series Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Series Registrar not less than three business days in the city where the specified office of the Series

Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Series Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Series Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Series Registrar to an account in the relevant Specified Currency of the Series Exchange Rate Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Series Agency Agreement.

None of the Issuer, the Series Note Trustee or the Series Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Series Paying Agent in the United States if:

- (i) the Issuer has appointed Series Paying Agents with specified offices outside the United States with the reasonable expectation that such Series Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer's tax advisors, adverse tax consequences to the Issuer.

(f) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London; and

(C) any Additional Financial Centre specified in the applicable Final Terms;

- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which a participant in DTC (with an interest in such Registered Global Note) has notified DTC to make any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Notes;
- (ii) the Early Redemption Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes; and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes as specified in the applicable Final Terms and related Supplement.

(h) Indemnity

If, on any due date, payment of the due amount of principal or interest is improperly withheld or refused or in respect of any Global Note or part thereof by any Series Agent, the Issuer will indemnify the affected Noteholders by paying to such Noteholders a sum calculated as the amount so withheld or refused plus an amount calculated as equal to the amount of interest which would have accrued in accordance with Condition 6 (*Interest*) if payment of such amount had been paid by the Issuer to the Noteholders on the relevant due date (as well after as before any judgment or decree) up to (but excluding) the date on which all sums due in respect of such Global Note up to that day are received by the relevant Noteholder, payment under such indemnity to be due without demand from the relevant due date.

9. REDEMPTION AND POST-ENFORCEMENT CALL OPTION

(a) Redemption at maturity

Unless previously redeemed, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date specified in the applicable Final Terms.

The Issuer may not redeem Notes in whole or in part prior to their Final Maturity Date except as provided in this Condition but without prejudice to Condition 12 (*Series Events of Default*).

(b) Mandatory redemption in part

In relation to any Class of Notes, on each Distribution Date, other than the Distribution Date on which the Notes of such Class are to be redeemed under paragraphs (a) above or (d) or (e) below, the Issuer shall make redemptions of the Notes of such Class in accordance with the Series Pre-Acceleration Principal Priority of Payments set out in the Supplement related to the applicable Final Terms.

The Series Cash Manager is responsible, pursuant to the Series Cash Management Agreement, for determining the amount of the Actual Redemption Funds as at any Determination Date and each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on the Issuer, the Series Note Trustee and all Noteholders and no liability to the Noteholders shall attach to the Issuer, the Series Note Trustee or (in such absence as aforesaid) the Series Cash Manager in connection therewith.

(c) Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount redeemable in respect of each Note of any Class (the **Note Principal Payment**) on any Distribution Date under paragraph (b) above shall be the amount of the Actual Redemption Funds on the Determination Date immediately preceding that Distribution Date to be applied in redemption of the Notes of such Class (in the case of Notes not denominated in Sterling, converted into Sterling by reference to the relevant Currency Swap Rate under the relevant Series Currency Swap Agreement) multiplied by the Principal Amount Outstanding of a Note of such Class and divided by the aggregate Principal Amount Outstanding of the Notes of such Class outstanding on the relevant Distribution Date (rounded down to the nearest sub-unit of the relevant Specified Currency); provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

With respect to the Notes of each Class on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Series Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Distribution Date next following such Determination Date, (ii) the Principal Amount Outstanding of each Note of such Class on the Distribution Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Distribution Date) and (iii) the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of a Note of such Class (as referred to in (ii) above) and the denominator is the denomination of a Note of such Class. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each Class of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Series Note Trustee, the Series Paying Agents, the Series Agent Bank and (for so long as the Notes of such Class are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each such determination to be given in accordance with Condition 19 (Notices) by not later than two Business Days prior to the relevant Distribution Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Distribution Date a notice to this effect will be given to the Noteholders of such Class.

If the Issuer does not at any time for any reason determine (or cause the Series Cash Manager to determine) with respect to each Class of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor (as the case may be) in accordance with the preceding provisions of this Condition 9(c), such determination may be made by the Series Note Trustee in accordance with the preceding provisions of this Condition 9(c) and each such determination or calculation shall be deemed to have been made by the Issuer.

(d) Redemption for Tax reasons

If immediately prior to giving the notice referred to below the Issuer satisfies the Series Note Trustee that either:

- (i) on the next Distribution Date the Issuer would be required by reason of a change in law, or the interpretation, application or administration thereof, to deduct or withhold from any payment of principal or interest on the Notes (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein, or
- (ii) the total amount payable in respect of interest in relation to any of the Mortgage Loans during an Interest Period ceases or would cease to be receivable (whether by reason of any Borrower being obliged to deduct or withhold any amount in respect of tax therefrom or otherwise, or where the Issuer is treated as receiving amounts in relation to interest on the Mortgage Loans which are not in fact received) by the Issuer during such Interest Period,

then the Series Servicer may, having given not less than 30 nor more than 60 days' notice to the Series Note Trustee, the Series Principal Paying Agent and, in accordance with Condition 19 (Notices), the Noteholders (which notice shall be irrevocable), require the Issuer to redeem and following the giving of such notice, the Issuer shall be required to redeem, all (but not some only) of the Notes, at any time (if this Note is not a Floating Rate Note) or on any Distribution Date (if this Note is a Floating Rate Note), provided that, prior to giving such notice, the Issuer shall have provided to the Series Note Trustee (a)

a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the Notes and pay all amounts ranking in priority thereto or *pari passu* therewith as aforesaid and (b) if appropriate, in the opinion of the Series Note Trustee a legal opinion (in form and substance satisfactory to the Series Note Trustee) from a firm of lawyers in England (approved in writing by the Series Note Trustee) opining on the relevant change in tax law (or interpretation, application or administration thereof).

The Series Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 9 (*Redemption and Post-Enforcement Call Option – Redemption for Tax reasons*) will be redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(e) Optional Redemption

- (i) If Optional Redemption (Minimum Amount Outstanding) is specified in the applicable Final Terms and subject as provided in the Final Terms and paragraph (iii) below, the Series Servicer may, having given not less than 60 nor more than 30 days' notice to the Series Note Trustee and to the Noteholders in accordance with Condition 19 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), require the Issuer to redeem and, following the giving of such notice, the Issuer shall be obliged to redeem, all (but not some only) of the Notes of such Series then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together with interest accrued to (but excluding) the relevant Optional Redemption Date.
- (ii) Prior to giving any such notice under paragraph (i) above, the Issuer shall have provided to the Series Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes and to pay or make provision for all amounts ranking in priority thereto or *pari passu* therewith in accordance with the relevant Series Priorities of Payments.
- (iii) The Series Note Trustee shall be entitled to accept such certificate as sufficient evidence of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders.

(f) Early Redemption Amounts

For the purpose of paragraph (d) above and Condition 12 (*Series Events of Default*), each Note will be redeemed at its Early Redemption Amount specified in, or calculated in the manner specified in, the applicable Final Terms and the related Supplement.

(g) Purchases

The Issuer shall not purchase any Notes at any time.

(h) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and may not be resold or re-issued.

(i) Post-enforcement call option

All of the Noteholders of any Class in a Series will, at the request of the Series Note Trustee, sell all (but not some only) of their holdings of the Notes of such Class to the holder of the option granted to PECO Holder by the Series Note Trustee (as agent for the Noteholders) to acquire all (but not some only) of the Notes of such Class (plus accrued interest thereon), for the consideration of one penny per Note of such Class outstanding, in the event that the Security Trustee has given a notice under Clause 4.2(g) of the Intercreditor Deed.

Furthermore, each of the Noteholders of such Class grants to the Series Note Trustee and acknowledges that the Series Note Trustee has the authority and the power to bind the Noteholders of such Class in accordance with the terms and conditions set out in the relevant Post-Enforcement Call Option Agreement and each Noteholder of such Class by subscribing for or purchasing the relevant Note(s) agrees to be so bound and ratifies the Series Note Trustee's entry into the relevant Post-Enforcement Call Option Agreement on its behalf.

(j) Mandatory Transfer Arrangements

If Remarketing/Conditional Purchase is specified as applicable in the applicable Final Terms, a Class or Classes of Notes will be subject to mandatory transfer in the circumstances and subject to the conditions specified in the relevant Supplement.

10. TAXATION

All payments in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessment or charges of whatever nature unless the Issuer or any Series Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature. In such event, the Issuer or the Series Paying Agent (as applicable) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Series Agents, GMAC-RFC Limited, the Series Note Trustee, the Issuer or any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

11. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the **Relevant Date** in respect of any Note means the date on which a payment in respect thereof first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Series Principal Paying Agent, the Series Registrar or the Series Note Trustee, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Series Note Trustee and to Noteholders in accordance with Condition 19 (*Notices*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) (*Payments – Presentation of Bearer Definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 8(b) (*Payments – Presentation of Bearer Definitive Notes and Coupons*).

12. SERIES EVENTS OF DEFAULT

- (a) The Series Note Trustee at its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class of Notes then outstanding ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any of such Classes of Notes then outstanding) or if so directed by an Extraordinary Resolution (as defined in the Series Trust Deed) of the holders of the Class of Notes ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any of such Classes of Notes then outstanding) shall (subject, in each case, to being indemnified and/or secured to its satisfaction) (but, in the case of the happening of any of the events described in sub-paragraph (ii), only if the Series Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Class or Classes of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the relevant Supplement), give notice (a **Series Acceleration Notice**) to the Issuer that all Classes of the Notes of the relevant Series are immediately due and repayable at their Early Redemption Amount as provided in the Series Trust Deed and as defined in the relevant Final Terms, if any of the following events (each, a **Series Event of Default**) has occurred, but subject as provided in Condition 12(b):

- (i) default being made for a period of ten Business Days or more in the payment of principal of or any interest on any Note of the Class or, as the case may be, any of the Classes referred to above when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest or principal in accordance with Condition 7 (*Deferral of Interest and Principal*) shall not constitute a default in the payment of such interest for the purposes of this Condition 12; or

- (ii) the Issuer or Securities Holdings failing duly to perform or observe any other obligation binding upon it under the Notes or any Transaction Document applicable to it and, in any such case (except where the Series Note Trustee determines that, in its opinion, such failure is incapable of remedy, when no notice will be required) such failure is continuing for a period of 30 days (or such longer period as the Series Note Trustee may permit) following the service by the Series Note Trustee on the Issuer or Securities Holdings, as the case may be, of notice requiring the same to be remedied; or
- (iii) the occurrence of a Programme Insolvency Event; or
- (iv) the Issuer or Securities Holdings (other than for the purpose of a solvent amalgamation or reconstruction of the Issuer on terms previously approved in writing by the Security Trustee or by an Extraordinary Resolution of the holders of the Class or, as the case may be, Classes of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the Supplement related to the applicable Final Terms) ceases or, through or consequent upon an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business other than in relation to the Series Assets relating to another Series; or
- (v) the appointment of a receiver in respect of any of the Series Assets of the Series; or
- (vi) the occurrence of any event specified as a Series Event of Default in respect of that Series in the Supplement related to the applicable Final Terms and/or the applicable Final Terms.

Upon any notice being given by the Series Note Trustee that the Notes are due and repayable, all the Classes of the Notes of the relevant Series shall immediately become due and repayable at the Early Redemption Amount specified in or calculated in the manner specified in the applicable Final Terms, and as described in the relevant Supplement, together with accrued interest as provided in the Series Trust Deed.

So long as any part of the Notes remains outstanding the Issuer will, upon becoming aware of the occurrence of any Series Event of Default, give notice in writing thereof to the Series Note Trustee and any Series Hedge Provider in respect of that Series.

- (b) In the case of a Series Event of Default other than as referred to in (a)(i), (iii) and (v), the Series Note Trustee will not be entitled to give a Series Acceleration Notice to the Issuer as provided in this Condition 12 unless a financial adviser approved by the Series Note Trustee has confirmed that, in its opinion, either (i) a sufficient amount would be realised, upon enforcement of the Security over the relevant Series Assets, to allow discharge in full of all amounts owing to the Noteholders of the relevant Series or (ii) a sufficient amount would not be so realised but the resulting shortfall is likely to be less than the shortfall that would result from not giving a Series Acceleration Notice and enforcing the Security over the relevant Series Assets.
- (c) **Programme Insolvency Event** means any corporate action, legal proceedings, formal application or other procedure or step taken in relation to or with a view to:
 - (i) a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of or in relation to the Issuer or Securities Holdings other than in relation to a solvent liquidation or reorganisation of the Issuer or Securities Holdings on terms previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed; or
 - (ii) the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer on terms previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed); receiver (other than the appointment of a receiver in respect of some but not all of the Issuer's and/or Securities Holdings assets); administrator (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator); or an administrative receiver, compulsory manager or other similar officer in respect of the Issuer or Securities Holdings or any of their respective assets other than in relation to the Series Assets relating to some but not all of the outstanding Series; or
 - (iii) any expropriation, attachment, sequestration, distress, execution or diligence affects any asset of the Issuer or Securities Holdings and is not discharged within 15 Business Days (or such other period previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed),

or any analogous corporate action, legal proceedings or other procedure or step taken in respect of the Issuer or its assets in any jurisdiction.

(d) For the avoidance of doubt:

- (i) the occurrence of a Series Event of Default in relation to any Series (other than a Programme Insolvency Event); or
- (ii) the occurrence of any breach of any Series Document relating to any Series; or
- (iii) the Security over the Series Assets relating to any Series becoming enforceable (other than in relation to a Programme Insolvency Event); or
- (iv) any action being taken to realise and/or enforce the Security over the Series Assets relating to any Series (other than in relation to a Programme Insolvency Event),

shall not:

- (A) constitute a Series Event of Default in relation, to any other Series;
- (B) entitle any action to be taken under Condition 12 (*Series Event of Default*) or Condition 13 (*Enforcement*) in respect of any other Series;
- (C) cause the Notes of any other Series to become due and repayable; or
- (D) cause the Security over the Series Assets relating to any other Series to become enforceable.

13. ENFORCEMENT

If a Series Event of Default has occurred, the Series Note Trustee may direct the Security Trustee to give notice to the Issuer declaring the Security over the Series Assets relating to the relevant Series to be enforceable (a **Series Enforcement Notice**).

The Security over the Series Assets relating to a Series shall become enforceable upon the giving of a Series Acceleration Notice or Series Enforcement Notice in respect of the relevant Series.

The Series Note Trustee may, subject to the terms of the Intercreditor Deed, at its discretion and without further notice, take such proceedings as it may think fit to enforce the provisions of the Transaction Documents specified in the applicable Supplement and/or related Final Terms (including giving directions to the Security Trustee for the giving of a Series Enforcement Notice and the enforcement of the Security over the Series Assets relating to such Series). The relevant Series Note Trustee shall not be bound to take any such proceedings (including giving such directions to the Security Trustee) unless (x) it shall have been so directed by an Extraordinary Resolution of the holders of the Class or Classes of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the Supplement related to the applicable Final Terms and (y) it shall have been indemnified and/or secured to its satisfaction. The Security Trustee shall not, and shall not be bound to, give a Series Enforcement Notice or enforce the Security over the Series Assets relating to such Series unless (x) it shall have been so directed by the relevant Series Note Trustee and (y) it shall have been indemnified and/or secured to its satisfaction. No Noteholder may take any action against the Issuer to enforce its rights in respect of the Notes or to enforce all or any of the Security constituted by the Security Deed otherwise than through the Series Note Trustee or the Security Trustee.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, CONSENT AND WAIVER

The Series Trust Deed contains provisions for convening meetings of each Class of the Noteholders in a Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of such Class of a modification of the Notes and the Coupons of the relevant Class (including these Conditions as they relate to the Notes of the relevant Class) or any of the provisions of the Transaction Documents specified in the applicable Supplement and/or related Final Terms. The quorum at any meeting or adjourned meeting of the Noteholders of any Class of Notes in respect of a Series for passing an Extraordinary Resolution is two or more persons holding or representing over 50 per cent. in nominal amount of the Notes of the relevant Class for the time being outstanding, except that at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting, over 50 per cent. in nominal amount of the Notes of the relevant Class for the time being outstanding. An Extraordinary Resolution passed by a majority of not less than 75 per cent. of the

votes cast (provided that such majority represents over 50 per cent. in nominal amount of the Notes of the relevant Class for the time being outstanding) shall be binding on all the Noteholders of the relevant Class, whether or not they are present at the meeting, and on all Couponholders.

In the event there is only one holder of a Class of Notes, such person will be deemed to constitute two persons for the purposes of forming a quorum for such meetings in accordance with this Condition 14.

A **Basic Terms Modification** includes, but is not limited to, a modification to the date of maturity of the Notes of the relevant Class or a modification which would have the effect of postponing any day for payment of interest in respect of such Notes (other than in respect of the deferral of interest on such Notes which is provided for in the Conditions), the reduction or cancellation of the amount of principal payable in respect of such Notes or any alteration of the priority of such Notes.

An Extraordinary Resolution of the holders of any Class of Notes of any Series shall be binding on the holders of all other Classes of Notes of such Series ranking junior to, in the Series Post-Acceleration Priorities of Payments set out in the Supplement related to the applicable Final Terms, such Class of Notes and on the holders of all other Instruments of such Series, except in the case of an Extraordinary Resolution to sanction a Basic Terms Modification which shall not be binding unless the Series Note Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of the junior ranking Classes of Notes and other Instruments referred to above or it is sanctioned by Extraordinary Resolutions of the holders of the junior ranking Classes of Notes and other Instruments referred to above.

An Extraordinary Resolution of the holders of any Class of Notes or other Instruments of any Series shall be effective when, *inter alia*, the Series Note Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of all other Classes of Notes of such Series ranking *pari passu* with, or senior to, in the Series Post-Acceleration Priorities of Payments set out in the Supplement related to the applicable Final Terms, such Class of Notes, or in the case of an Extraordinary Resolution of the holders of Instruments other than the Notes, the interests of the holders of all Classes of Notes of such Series or it is sanctioned by Extraordinary Resolutions of the holders of all such other Classes of Notes or, in the case of an Extraordinary Resolution of the holders of Instruments other than Notes, Extraordinary Resolutions of the holders of all Classes of Notes of such Series (except in the case of an Extraordinary Resolution directing the Series Note Trustee to give a Series Acceleration Notice under Condition 12 (*Series Events of Default*)), as to which the provisions of Condition 12 (*Series Events of Default*) shall apply or to take any proceedings as referred to in Condition 13 (*Enforcement*), as to which the provisions of Condition 13 shall apply). An Extraordinary Resolution passed at any meeting of the Noteholders of any Class shall be binding on all Noteholders of the relevant Class, whether or not they are present at the meeting.

Subject to the succeeding paragraph, the Series Note Trustee may agree, or may direct the Security Trustee to agree, without the consent of the Noteholders of any Class, (a) to any modification (except a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, the Notes of such Class (including these Conditions) or any of the Transaction Documents specified in the applicable Supplement and/or related Final Terms, which is not, in the opinion of the Series Note Trustee, materially prejudicial to the interests of the Noteholders of such Class, but subject always to the provisions referred to in Condition 3(b) or (b) to any modification of the Notes of such Class (including these Conditions) or any of the Transaction Documents, which in the Series Note Trustee's opinion is to correct a manifest or proven error or is of a formal, minor or technical nature. In respect of each Class of Notes, the Series Note Trustee may also, without the consent of the Noteholders of such Class, determine that any Series Event of Default (other than a Programme Insolvency Event) or any condition, event or act which, with the giving of notice and/or lapse of time and/or the issue of a certificate and/or the making of any determination, would constitute a Series Event of Default (other than a Programme Insolvency Event) shall not, subject to specified conditions, be treated as such (but the Series Note Trustee may not make any such determination of any Series Event of Default or any such waiver or authorisation of any such breach or proposed breach of the Notes (including the Conditions) or any of the Transaction Documents specified in the applicable Supplement and/or related Final Terms in contravention of an express direction of the Noteholders given by Extraordinary Resolution or a request under Condition 12 (*Series Events of Default*) or Condition 13 (*Enforcement*)). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders of each such Class and, unless the Series Note Trustee agrees otherwise, any such modification shall be notified to such Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

The Series Note Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents specified in the applicable Supplement and/or related Final Terms, that such exercise will not be materially prejudicial to the interests of any Noteholders if any Rating Agency has confirmed that the then current ratings of the relevant Notes would not be adversely affected by such exercise.

15. INDEMNIFICATION AND EXONERATION OF THE SERIES NOTE TRUSTEE AND SECURITY TRUSTEE

The Series Trust Deed, Intercreditor Deed and the Security Deed contain provisions governing the responsibility (and relief from responsibility) of the Series Note Trustee and the Security Trustee, as applicable, and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified to its satisfaction. The Series Note Trustee and the Security Trustee and their related companies are entitled to enter into business transactions with, *inter alios*, the Issuer and Series Servicer, and/or related companies of either of them, without accounting for any profit resulting therefrom. Neither the Series Note Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Series Servicer or by a clearing organisation or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Series Note Trustee or the Security Trustee, as applicable.

The Intercreditor Deed provides that the Security Trustee shall be under no obligation to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

16. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Series Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Series Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

17. SERIES AGENTS

The Issuer is entitled, with the prior written approval of the Series Note Trustee, to vary or terminate the appointment of any Series Agent and/or appoint additional or other Series Agents and/or approve any change in the specified office through which any Series Agent acts, provided that:

- (a) there will at all times be a Series Principal Paying Agent and (in the case of Registered Notes) a Series Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Series Paying Agent (in the case of Bearer Notes) and a Series Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be a Series Exchange Rate Agent with a specified office in New York City; and
- (d) there will at all times be a Series Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Series Paying Agent having a specified office in New York City in the circumstances described in Condition 8(e) (*Payments – General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 19 (*Notices*).

In acting under the Series Agency Agreement, the Series Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Series Note Trustee and do not assume any obligation

to, or relationship of agency or trust with, any Noteholders or Couponholders. The Series Agency Agreement contains provisions permitting any entity into which any Series Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

18. EXCHANGE OF TALONS

On and after the Distribution Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Series Principal Paying Agent or any other Series Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

19. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

The Series Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or any Class of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Series Note Trustee shall require.

20. PROVISION OF INFORMATION

For so long as any Rule 144A Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or beneficial owner of an interest in, such Rule 144A Notes and to a prospective purchaser designated by such holder or beneficial owner, in connection with any resale thereof, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. GOVERNING LAW

The Transaction Documents specified in the applicable Supplement and/or related Final Terms and the Notes are governed by, and shall be construed in accordance with, English law and subject to the jurisdiction of the Courts of England (other than those aspects of the Transaction Documents specified in the applicable Final Terms and/or related Supplement specific to any Scottish Mortgage Loans, which are governed by, and shall be construed in accordance with, Scots law and those specific to Northern Irish Mortgage Loans, which are governed by, and shall be construed in accordance with, Northern Irish law).

THE ISSUER

The Issuer was incorporated and registered in England and Wales with registered number 5593541 under the Companies Act 1985 (as amended) as a company with limited liability on 14 October 2005. The Issuer's registered office is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ and its telephone number is +44 (20) 7398 6300.

The Issuer is organised as a special purpose company and its activities are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by RMAC Securities Holdings Limited. All of Securities Holdings' issued share capital and all rights attaching thereto is held on trust by the Share Trustee for the benefit of charitable institutions. GMAC-RFC Limited does not own, directly or indirectly, any of the share capital of the Issuer.

1. Principal Activities

The principal objects of the Issuer are set out in Clause 4 of its Memorandum of Association and are, amongst other things, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established for the limited purposes of issuing the Notes, the Series MERCs and the Series Residuals, from time to time under the Programme, acquiring the Series Completion Mortgage Pools under the Series Portfolio Purchase Agreements and certain related transactions described elsewhere in this Offering Circular.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 1985, the authorisation of the issue of the Notes, the Series MERCs and the Series Residuals and of the other documents and matters referred to or contemplated in this Offering Circular and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Security Deed and will be limited to the issue of the Notes, the Series MERCs and the Series Residuals, the borrowing or raising of money to acquire Series Completion Mortgage Pools, the acquisition of the Series Completion Mortgage Pools, the exercise of related rights and powers and the other activities described in this Offering Circular. See further "*Transaction Documents – Security Deed*".

2. Directors and Secretary

The directors of the Issuer and their respective business addresses and other principal activities are:

| <u>Name</u> | <u>Business Address</u> | <u>Principal Activities</u> |
|-------------------------------|--|---|
| SFM Directors Limited | 35 Great St. Helen's London EC3A 6AP | Directors of special purpose companies |
| SFM Directors (No. 2) Limited | 35 Great St. Helen's London EC3A 6AP | Directors of special purpose companies |
| William Brian Acheson | Eastern Gate Brants Bridge Bracknell, Berkshire RG12 9BZ | Director of securitisation insurance companies and Director of GMAC-RFC Limited. |

The company secretary of the Issuer is Karen Edmonds. The directors of SFM Directors Limited (registered number 3920254) and SFM Directors (No. 2) Limited (registered number 4017430) are Jonathan Keighley, James Macdonald and Robert Berry (together with their alternate directors Annika Goodwille, Helena Whitaker, Claudia Wallace and J-P Nowacki), whose business addresses are 35 Great St. Helen's, London EC3A 6AP and who perform no other principal activities outside the Issuer which are significant with respect to the Issuer.

In accordance with the Corporate Services Agreement, GMAC-RFC Limited and the Corporate Services Provider will each provide directors and other corporate services to the Issuer. The Issuer will pay the Corporate Services Provider and GMAC-RFC Limited an annual fee.

CAPITALISATION STATEMENT

Since the date of incorporation of the Issuer, the Issuer has not commenced operations and no financial statements have been made up as at the date of this document.

The following table shows the unaudited capitalisation of the Issuer as at the date hereof:

| Share Capital | £ |
|--|------------------|
| <i>Authorised</i> | |
| 50,000 Ordinary Shares of £1 each | 50,000 |
| <i>Issued</i> | |
| 50,000 Ordinary Shares of £1 each, 2 of which are fully paid and the remaining 49,998 paid up to 25% | <u>12,501.50</u> |
| | <u>12,501.50</u> |

As at the date hereof, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The current financial period of the Issuer will end on 31 December 2006.

PECO HOLDER

PECO Holder was incorporated in England and Wales on 31 January 2006 under registered number 05693091 as a private company with limited liability under the Companies Act 1985. The registered office of PECO Holder is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ. PECO Holder has no subsidiaries.

The authorised share capital of PECO Holder comprises 100 ordinary shares of £1 each. The issued share capital of PECO Holder comprises one ordinary share of £1 which is owned by the Structured Finance Management Limited on trust for charitable purposes.

1. Principal Activities

The principal objects of PECO Holder are set out in Clause 3 of its Memorandum of Association and are, among other things, to act as a general commercial company and to acquire any estate or interest in any real or personal property and rights of any kind.

PECO Holder has not engaged, since its incorporation, in any activity other than those in connection with its holding of the Post-Enforcement Call Options and those activities incidental to PECO Holder's incorporation, the authorisation of the documents and matters referred to or contemplated in this Offering Circular to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

2. Directors and Secretary

The directors of PECO Holder and their respective business addresses are:

| <u>Name:</u> | <u>Business Address:</u> | <u>Principal Activities</u> |
|------------------------------|---|---|
| SFM Directors Limited | 35 Great St. Helen's London EC3A 6AP | Directors of special purpose companies |
| SFM Directors (No.2) Limited | 35 Great St. Helen's London EC3A 6AP | Directors of special purpose companies |
| William Brian Acheson | Eastern Gate Brants Bridge Bracknell, Berkshire | Director of securitisation, insurance companies and Director of GMAC-RFC Limited |

The company secretary of PECO Holder is Karen Edmond.

HOMELoAN MANAGEMENT LIMITED

Unless specified otherwise in the relevant Supplement, the Series Standby Servicer in respect of each Series will be Homeloan Management Limited pursuant to the terms of the relevant Series Standby Servicing Agreement. In the event that the appointment of the relevant Series Servicer pursuant to the relevant Series Servicing Agreement is terminated, the Series Standby Servicer will agree to provide the equivalent services to the Issuer as set out in the relevant Series Servicing Agreement.

Unless specified otherwise in the relevant Supplement, the relevant Series Servicer has or will also enter into an agreement with Homeloan Management Limited regarding the sub-contracting of administration services in relation to the Mortgage Loans in respect of the relevant Series Portfolio.

The registered office and principal place of business of Homeloan Management Limited is 1 Providence Place, Skipton, North Yorkshire BD23 2HL.

Homeloan Management Limited currently provides mortgage administration services to approximately 38 institutions, including building societies and centralised lenders. Homeloan Management Limited has been providing these services since 1988 and annually services approximately 240,000 mortgage loans.

Homeloan Management Limited is rated RPS2+ by Fitch and SQ2 by Moody's in respect of its primary servicer responsibilities for UK residential mortgage loans.

Homeloan Management Limited currently has approximately 1,350 full time employees who are responsible for all aspects of mortgage servicing including the collection of payments and enforcement of borrowers' obligations.

Investors are referred to the section entitled "*Series Servicing Agreements*" for a summary of the provisions governing the appointment and termination of a Series Servicer.

GMAC-RFC LIMITED

GMAC-RFC Limited is a private limited company incorporated in England and Wales under the Companies Act 1985 on 6 January 1998. GMAC-RFC Limited was formed by GMAC Residential Funding Corporation, a directly wholly owned subsidiary of Residential Capital Corporation and an indirectly wholly owned subsidiary of General Motors Acceptance Corporation, a wholly owned subsidiary of General Motors Corporation. GMAC-RFC Limited is authorised and regulated by the Financial Services Authority. It has over 700 staff at its headquarters in Bracknell, Berkshire. GMAC-RFC Limited's primary business is to provide mortgage services in the UK through intermediaries and other financial institutions. In 2004, GMAC-RFC Limited completed £6.34 billion in mortgage loans, including main stream, buy-to-let, self-certification and non-conforming mortgage loans. 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. GMAC-RFC Limited may also acquire from third party originators mortgage loans to borrowers in England, Wales, Scotland and Northern Ireland. The mortgage loans originated or acquired by GMAC-RFC Limited are then either securitised or transferred as portfolio sales to other mortgage lenders. GMAC-RFC Limited has securitised mortgage loans through 21 previous RMAC issuers in stand-alone transactions. GMAC-RFC Limited acts as servicer with respect to all of its previous securitisations, though it has sub-contracted certain administration services to HML.

General Motors Corporation has recently announced that it is negotiating the sale of a controlling interest in its subsidiary General Motors Acceptance Corporation to one or more third parties. General Motors Acceptance Corporation, a holding company of Residential Capital Corporation has in turn confirmed that it continues to evaluate strategic and structural alternatives for Residential Capital Corporation.

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

THE SECURITY TRUSTEE AND SERIES NOTE TRUSTEE

JPMorgan Corporate Trustee Services Limited was incorporated on 22 July 1991 as a limited company under English law. Its principal activity is to act as a corporate trustee on debt issuances in the domestic and international capital markets. As at 31 December 2004 JPMorgan Corporate Trustee Services Limited had capital of \$1,000,004. It is owned by JPMorgan Europe Limited (which is authorised and regulated by the Financial Services Authority in the United Kingdom) and ultimately owned by JPMorgan Chase & Co., which is incorporated in the United States. JPMorgan Corporate Trustee Services Limited has acted as trustee on numerous RMBS transactions, including acting as security trustee and note trustee on stand-alone securitisation transactions by other RMAC issuers.

JPMorgan Chase & Co. is a leading global financial services firm, and its shares are listed on the New York Stock Exchange. As at 30 June 2004 JPMorgan Chase & Co. had assets of \$818 million and stockholder equity of \$46 million.

J.P. Morgan Bank (Ireland) plc, which is acting as Series Irish Paying Agent, is also ultimately owned by JPMorgan Chase & Co.

THIRD PARTY INFORMATION

The information contained in this Offering Circular with respect to GMAC-RFC Limited, Homeloan Management Limited, RMAC PECO No.1 Limited and the Security Trustee and its affiliates relates to and has been obtained from each of them and has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from the information provided by the above mentioned third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of GMAC-RFC Limited, Homeloan Management Limited, RMAC PECO No.1 Limited or the Security Trustee or any of its affiliates since the date stated in respect of the relevant information in this Offering Circular or that the information contained or referred to in this Offering Circular is correct as of any time subsequent to its date. None of the Noteholders will have any right to proceed directly against GMAC-RFC Limited, Homeloan Management Limited, RMAC PECO No.1 Limited or the Security Trustee or any of its affiliates in respect of their respective obligations under any of the arrangement to which they are party.

THE SERIES PORTFOLIOS

The section below describes in summary the Series Portfolios. Prospective purchasers of Notes should consider carefully all the information contained in this Offering Circular, including the considerations set out below, before making any decision. Such summary should be read in conjunction with the information appearing elsewhere in this Offering Circular and the relevant Supplement.

Composition of Series Portfolios

A Series Portfolio sold to the Issuer under a Series Portfolio Purchase Agreement must comply with the Transfer Conditions. Each Mortgage in respect of a Mortgage Loan is a mortgage of, or standard security over, a residential property in England, Wales, Scotland or Northern Ireland.

The following is a summary of the general legal background which applies to Mortgage Loans secured over properties in each relevant jurisdiction and of the Mortgage Loan types that the Seller may sell to the Issuer from time to time. However, this summary is not intended to be exhaustive and additional or new loan types and loans originated by Third Party Originators may also be included in a Series Portfolio.

English Mortgage Loans

General

There are two parties to a mortgage. The first party is the mortgagor, who is the borrower and homeowner. The mortgagor grants the mortgage over its property. The second party is the mortgagee, who is the lender. Each English Mortgage Loan will be secured by a mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent mortgage or other secured interest over the relevant property without the consent of the originator, though such other mortgage or interest will rank below the originator's mortgage in priority.

Nature of Property as Security

There are two forms of title to land in England and Wales: registered and unregistered. Both systems of title can include both freehold and leasehold land.

Freehold constitutes absolute ownership of land. Leasehold constitutes ownership of land (normally for a fixed period) subject to an annual payment of a ground rent to the owner of the freehold. A flying freehold exists when one part of a property extends over, or under, a neighbouring property.

Registered Title

Title to registered land is registered at the Land Registry. Each parcel of land is given a unique title number. Prior to 13 October 2003, title to the land was established by a land or (in the case of land which is subject to a mortgage or charge) charge certificate containing official copies of the entries on the register relating to that land: however, pursuant to the Land Registration Act 2002 which came into force on 13 October 2003, the provision of land certificates and charge certificates has now been abolished. Title to land is now established by reference to entries on the registers held by the Land Registry.

There are four classes of registered title. The most common is title absolute. A person registered with title absolute owns the land free from all interests other than those entered on the register and those classified as unregistered interests which override first registration and unregistered interests which override registered dispositions.

Title information documents provided by the Land Registry will reveal the present owner of the land, together with any legal charges and other interests affecting the land. However, the Land Registration Act 2002 provides that some interests in the land will bind the land even though they are not capable of registration at the Land Registry such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The title information documents will also contain a plan indicating the location of the land. However, this plan is not conclusive as to matters such as the location of boundaries.

Unregistered Title

All land in England and Wales is now subject to compulsory registration on the happening of any of a number of trigger events, which includes the granting of a first legal mortgage. However, a small proportion

of land in England and Wales (typically where the land has been in the same ownership for a number of years) is still unregistered. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 15 years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights would have to be registered at the Central Land Charges Registry in order to be effective against a subsequent purchaser of the land.

Taking Security over Land

Where land is registered, a mortgagee must register its mortgage at the Land Registry in order to secure priority over any subsequent mortgagee. Prior to registration, the mortgage will take effect only as an equitable mortgage or charge. Priority of mortgages over registered land is governed by the date of registration of the mortgage rather than the date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register his mortgage. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of another interest which is received by the Land Registry during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the property. Without the title deeds to the property, the borrower is unable to establish the necessary chain of ownership, and is therefore effectively prevented from dealing with its land without the consent of the mortgagee. Priority of mortgages over unregistered land is governed first by the possession of title deeds and, in relation to subsequent mortgages, by the registration of a land charge.

The Seller as Mortgagee

The sale of the English Mortgage Loans by the Seller to the Issuer will take effect in equity only. The Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the English Mortgage Loans. The consequences of this are explained in the section "*Risk Factors – The Issuer does not have legal title to the Mortgage Loans in the Series Portfolio on the relevant Transfer Date*".

Enforcement of Mortgages

If a Borrower defaults under an English Mortgage Loan, the English mortgage conditions provide that all monies under the English Mortgage Loan will become immediately due and payable. The Seller or its successors or assigns would then be entitled to recover all outstanding principal, interest and fees under the covenant of the Borrower contained in the English mortgage conditions to pay or repay those amounts. In addition, the Seller or its successors or assigns may enforce its mortgage in relation to the English Mortgage Loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The mortgagee may lease the property to third parties.
- The mortgagee may foreclose on the property. Under foreclosure procedures, the mortgagor's title to the property is extinguished so that the mortgagee becomes the owner of the property. This remedy is, because of procedural constraints, rarely used.
- The mortgagee may sell the property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Law of Property Act 1925. The purchaser of a property sold pursuant to a mortgagee's power of sale becomes the owner of the property.

A court order under the CCA or FSMA is necessary to enforce a land mortgage in certain circumstances as described under "*Risk Factors*".

Scottish Mortgage Loans

General

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the Conveyancing and Feudal Reform (Scotland)

Act 1970 (the 1970 Act). There are two parties to a standard security. The first party is the grantor, who is the borrower and homeowner. The grantor grants the standard security over its property (and is generally the only party to execute the standard security). The second party is the grantee of the standard security, who is the lender and is called the heritable creditor. Each Scottish Mortgage Loan will be secured by a standard security which has a first ranking priority over all other standard securities secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent standard security over the relevant property without the consent of the Seller. Upon intimation to the Seller (in its capacity as trustee for the Issuer pursuant to the relevant Scottish Declaration of Trust) of any subsequent standard security, the prior ranking of the Seller's standard security shall be restricted to security for advances made prior to such intimation and advances made subsequent to such intimation which the Seller or the Issuer is then obliged to advance, and interest and expenses in respect thereof.

The 1970 Act automatically imports a statutory set of "Standard Conditions" into all standard securities, although the majority of these may be varied by agreement between the parties. The Seller, along with most major lenders in the residential mortgage market in Scotland, has elected to vary the Standard Conditions by means of its own set of Scottish mortgage conditions, the terms of which are in turn imported into each standard security. The main provisions of the Standard Conditions which cannot be varied by agreement relate to redemption and enforcement, and in particular the notice and other procedures that are required to be carried out prior to the exercise of the heritable creditor's rights on a default by the borrower.

Nature of Property as Security

While title to all land in Scotland is registered there are currently two possible forms of registration, namely the Land Register and Sasine Register. Both systems of registration can include both heritable (the Scottish equivalent to freehold) and long leasehold land. Heritable title constitutes absolute ownership of land. Long leasehold constitutes possession of land (for a period exceeding twenty years) subject to a periodic payment of a ground rent to the owner of the heritable title. Since 1974 it has not been possible to create new long leaseholds over residential property in Scotland.

Land Register

This system of registration was established by the Land Registration (Scotland) Act 1979 and now applies to the whole of Scotland. Any sale of land (including a long leasehold interest in land) the title to which has not been registered in the Land Register or the occurrence of certain other events in relation thereto (but not the granting of a standard security alone) triggers its registration in the Land Register, when it is given a unique title number. Title to the land is established by a land certificate containing official copies of the entries on the Land Register relating to that land. Similarly, the holder of any standard security over the land in question receives a charge certificate containing official copies of the entries relating to that security. A person registered in the Land Register as the present owner of the land holds the land free from all interests other than those entered on the Register, those classified as overriding interests and any other interests implied by law.

The land certificate will reveal the present owners of the land, together with any standard securities and other interests (other than certain overriding interests and any other interests implied by the law) affecting the land. The land certificate will also contain a plan indicating the location and extent of the land. While this plan is not in all circumstances conclusive as to the extent of the land, it cannot be amended if this would be to the prejudice of a proprietor in possession of the land, unless the statutory indemnity in respect of such amendments has been expressly excluded in the land certificate itself.

Sasine Register

Title to all land in Scotland where no event has yet occurred to trigger registration in the Land Register is recorded in the General Register of Sasines. Title to such land is proved by establishing a chain of documentary evidence of title going back at least ten years and commencing from a recorded title. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights (including standard securities) would have to be recorded in the Sasine Register in order to be effective against a subsequent purchaser of the land.

Taking Security over Land

A heritable creditor must register its standard security in the Land Register or the Sasine Register (as applicable) in order to perfect its security and secure priority over any subsequent standard security. Until

such registration occurs, a standard security will not be effective against a subsequent purchaser or the heritable creditor under another standard security over the property. Priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by their date of registration rather than their date of execution. There is no equivalent in Scotland to the priority period system which operates in relation to registered land in England and Wales.

The Seller as Heritable Creditor

The sale of the Scottish Mortgage Loans by the Seller to the Issuer on each Transfer Date will be given effect by a declaration of trust by the Seller, by which the beneficial interest in the Scottish Mortgage Loans will be transferred to the Issuer. Such beneficial interest (as opposed to the legal title) cannot be registered in the Land Register or Sasine Register. The consequences of this are explained in "*Risk Factors – The Issuer does not have legal title to the Mortgage Loans in the Series Portfolio on the relevant Transfer Date*".

Enforcement of Mortgages

If a Borrower defaults under a Scottish Mortgage Loan, the Scottish mortgage conditions provide that all monies under the Mortgage Loan will become immediately due and payable. The Seller or its successors or assignees would then be entitled to recover all outstanding principal, interest and fees under the obligation of the Borrower contained in the Scottish mortgage conditions to pay or repay those amounts. In addition, the Seller or its successors or assignees may enforce its standard security in relation to the defaulted Mortgage Loan. Enforcement may occur in a number of ways, including the following (all of which arise under the 1970 Act):

- The heritable creditor may enter into possession of the property. If it does so, it does so in its own right and not as agent of the borrower, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The heritable creditor may grant a lease of the property of up to seven years (or longer with the court's permission) to third parties.
- The heritable creditor may sell the property, subject to various duties to ensure that the sale price is the best that can reasonably be obtained. The purchaser of a property sold pursuant to a heritable creditor's power of sale becomes the owner of the property.
- The heritable creditor may, in the event that a sale cannot be achieved, foreclose on the property. Under foreclosure procedures the borrower's title to the property is extinguished so that the heritable creditor becomes the owner of the property. However, this remedy is rarely used.

A court order under the CCA or FSMA is necessary to enforce a standard security in certain circumstances as described under "*Risk Factors*".

In contrast to the position in England and Wales, the heritable creditor has no power to appoint a receiver under the standard security.

Borrower's Right of Redemption

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974, the grantor of any standard security has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted for a period of 20 years, subject only to the payment of certain sums specified in Section 11 of that Act. These specified sums consist essentially of the principal monies advanced by the lender, interest thereon and expenses incurred by the lender in relation to that standard security.

Northern Irish Mortgage Loans

There are two parties to a mortgage. The first party is the mortgagor, who is the borrower and homeowner. The mortgagor grants the mortgage over its property (and is generally the only party to execute the mortgage). The second party is the mortgagee, who is the lender. Each Northern Irish Mortgage Loan will be secured by a Mortgage which has a first ranking priority over all other Mortgages secured on the property and over all unsecured creditors of the borrower (with the exception of preferential Crown debts). Borrowers may create a subsequent Mortgage or other secured interest over the relevant property without the consent of the Seller, though such other Mortgage or interest will rank below the Seller's mortgage in priority but only to the extent of advances made by the Seller prior to receipt of notice of the other mortgage together with interest and expenses in respect thereof.

In cases of default by a Borrower in relation to a Mortgage secured over property situated in Northern Ireland, requiring the issue of legal proceedings, those proceedings are virtually identical to English proceedings. After a possession order is obtained the judgment is enforced through the Enforcement of Judgments Office (rather than by bailiffs) and it has its own procedures for enforcement.

By virtue of article 51 of the Judgments Enforcement (Northern Ireland) Order 1981, an order charging land (i.e. a judgment mortgage), if founded on a judgment in respect of rates payable in respect of that land, shall have priority over all other charges and encumbrances whatever affecting that land except other debts owing to the Crown.

A court order under the CCA or FSMA is necessary to enforce a standard security in certain circumstances as described under "*Risk Factors*".

Characteristics of the Mortgage Loans

Repayment Terms

The Mortgage Loans may have different repayment methods as follows:

Repayment Mortgage Loan: a Mortgage Loan, the repayment terms of which require monthly instalments covering both interest and principal such that by the stated maturity date for that Mortgage Loan the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid.

Interest-Only Mortgage Loan: a Mortgage Loan in respect of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan with the entire principal amount being payable only upon the relevant maturity date. As the principal amount associated with an Interest Only Mortgage Loan is repayable only upon the maturity of the Mortgage Loan, a life insurance or endowment policy or other repayment vehicle can be taken as a means of repayment of the Mortgage Loan. However, the Seller does not require the Borrower to provide evidence as to the existence of any such policies, and such policies are not charged by way of collateral security.

Part and Part Mortgage Loan: a Mortgage Loan which by its terms allows the Borrower to effect (at its option) a separation of the repayable amounts into two portions, one in respect of which it will only pay interest until the date of the Mortgage Loan's maturity (the **interest-only portion**) and the other in respect of which the Borrower will make payments incorporating both interest and principal components (the **repayment portion**). As the principal amount associated with the interest-only portion of a Part and Part Mortgage Loan is only repayable upon the maturity of the Mortgage Loan, a life insurance or endowment policy or other repayment vehicle can be taken as a means of repayment of the Mortgage Loan. However, as with Interest Only Mortgage Loans, the Seller does not require evidence as to the existence of any such policies, and such policies are not charged by way of collateral security.

Payment Holidays/Overpayment

The Mortgage Conditions in respect of Mortgage Loans originated by the Seller do not provide for Payment Holidays or overpayments of the Mortgage Loans. The Mortgage Conditions in respect of Mortgage Loans originated by Third Party Originators may permit Payment Holidays or overpayments of the Mortgage Loans, and if permitted, will be described further in the relevant Supplement.

Prepayment

Mortgage Loans originated by the Seller allow for prepayments of the Mortgage Loans in whole or in part at any time during the life of the Mortgage Loan. In connection with any prepayment, a Borrower may be obliged to pay additional fees to and cover any expenses of the Seller in relation to the prepayment. Interest amounts payable in respect of a Mortgage Loan will, in respect of a prepayment and in certain other cases, be reduced for the interest period in respect of which a prepayment was received, reflecting the period between receipt of the prepayment to the end of the interest period in which the prepayment was received. Otherwise, interest will continue to accrue on the Mortgage Loan until the end of the relevant interest period in which the prepayment was received, without adjustment for the prepayment received during the interest period.

Mortgage Loans originated by Third Party Originators may permit prepayments of the Mortgage Loans in whole or in part, and if permitted, such prepayments will be described further in the relevant Supplement.

Interest Rate Setting

The manner in which interest is calculated and payable in respect of Mortgage Loans in a Series Portfolio will be identified in the relevant Supplement. Below is a description of the various methods in which interest

may be calculated and payable in respect of Mortgage Loans originated by the Seller. If the method of calculation of the Mortgage Loans in a Series Portfolio should vary from these, the manner in which interest is calculated and payable in respect of the Mortgage Loans sold by the Seller to the Issuer will be disclosed in the relevant Supplement. The manner in which interest is calculated and payable in respect of Mortgage Loans originated by Third Party Originators will, if applicable to a Series Portfolio, be disclosed in the relevant Supplement.

LIBOR-Linked Mortgage Loans

The interest rate on a Mortgage Loan in a Series Portfolio may be calculated by reference to LIBOR (the **LIBOR-Linked Mortgage Loans**). LIBOR-Linked Mortgage Loans accrue interest at a rate equal to LIBOR plus a fixed margin expressed as a fixed percentage over LIBOR (the **LIBOR-Linked Rate**). The margin for the Mortgage Loans will differ, depending upon the characteristics of each Borrower and of the Mortgage Loan, such as the loan to value ratio, the Borrower's credit history and the amount of the Mortgage Loan. Once the margin over LIBOR is determined for any Mortgage Loan, such margin is fixed (in relation to LIBOR) for the term of that Mortgage Loan subject to conditions relating to conversion of the Mortgage Loans.

In some cases, the LIBOR-Linked Rate may be discounted for a certain initial period of a Mortgage Loan (the **Discount LIBOR-Linked Mortgage Loans**). Interest may also accrue at the LIBOR-Linked Mortgage Rate subject to a discount that will be re-set by the Series Servicer on certain specified dates (the **Stepped Discount LIBOR-Linked Mortgage Loans**). Following the end of the last re-set period, the Stepped Discount LIBOR-Linked Mortgage Loans will revert to a margin over LIBOR in accordance with the Mortgage Conditions. There may also be Mortgage Loans in the relevant Series Portfolio that are fixed rate mortgage loans that will convert to LIBOR-Linked Mortgage Loans at the expiry of the relevant fixed-rate period (the **Fixed LIBOR-Linked Mortgage Loans**).

After the sale of the Mortgage Loan to the Issuer, LIBOR will be determined by the Series Servicer on behalf of the Issuer.

Bank of England Base Rate-Linked Mortgage Loans

The interest rate on a Mortgage Loan in a Series Portfolio may be calculated by reference to the Bank of England base rate (the **BBR-Linked Mortgage Loans**). The BBR-Linked Mortgage Loans will accrue interest at a rate (the **BBR-Linked Rate**) equal to the Bank of England base rate plus a fixed margin expressed as a percentage over the Bank of England base rate. Such margin is fixed (in relation to the Bank of England base rate) for the term of the Mortgage Loan.

In some cases, the BBR-Linked Rate may be discounted for a certain initial period of a Mortgage Loan (the **Discount BBR-Linked Mortgage Loans**). Interest may also accrue at the BBR-Linked Rate subject to a discount that will be re-set by the Series Servicer on certain specified dates (the **Stepped Discount BBR-Linked Mortgage Loans**). Following the end of the last re-set period, the Stepped Discount BBR-Linked Mortgage Loans will revert to a margin over BBR in accordance with the Mortgage Conditions. There may also be Mortgage Loans in a Series Portfolio that are Fixed Rate Mortgage Loans that will convert to BBR-Linked Mortgage Loans at the expiry of the relevant fixed-rate period (the **Fixed BBR-Linked Mortgage Loans**).

Under the Series Servicing Agreement in respect of any Series, the Series Servicer will be obliged to effect, on the first Business Day of the month following a change in the Bank of England base rate, or such other period as may be required by any applicable laws, regulations or guidelines, a change to the interest rate payable by Borrowers of BBR-Linked Mortgage Loans to ensure that the interest rate payable by Borrowers of BBR-Linked Mortgage Loans is the applicable percentage over the Bank of England base rate (subject to any applicable fixed rate period having expired and generally subject to the Mortgage Conditions relating to the BBR-Linked Mortgage Loans).

Standard Variable Rate Mortgage Loans

Mortgage Loans in a Series Portfolio may be variable rate mortgage loans (the **SVR Mortgage Loans**) where the interest rate (the **SVR**) is set at the discretion of the Series Servicer, subject to a minimum rate (the **Floor**) calculated by reference to the general level of interest rates and competitive forces in the United Kingdom mortgage market.

In some cases, SVR Mortgage Loans may be discounted for a certain initial period of a Mortgage Loan (the **Discount SVR Mortgage Loans**). There may also be Mortgage Loans in a Series Portfolio that are Fixed Rate Mortgage Loans that will convert to SVR Mortgage Loans at the expiry of the relevant fixed-rate period (the **Fixed SVR-Linked Mortgage Loan**).

Capped Standard Variable Rate Mortgage Loans

Mortgage Loans in a Series Portfolio may be made on terms that provide for the mortgage rate to be at a variable rate subject to a cap over the Bank of England base rate (the **Capped SVR Loans**). Capped SVR Loans in a Series Portfolio will be described in the relevant Supplement.

Customised Mortgage Loans

Mortgage Loans in a Series Portfolio may be fixed rate Mortgage Loans under which interest will accrue at a fixed rate, which will be specified in the relevant Supplement, depending upon the characteristics of each Mortgage Loan, for a period of up to 25 years (the **Customised Loans**).

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the Mortgage Conditions.

Right-to-Buy Scheme

Mortgage Loans in a Series Portfolio may be extended to Borrowers in connection with the purchase by those Borrowers of properties from a local authority or other social landlord under the "right-to-buy" scheme governed by the Housing Act 1985 or (as applicable) the Housing (Scotland) Act 1987 (the **RTB Mortgage Loans**). RTB Mortgage Loans form an important part of the Seller's business. However, maintaining a balance in its portfolio is key to the Seller, which is borne out by the fact that it monitors this via an asset quality plan. Properties sold under this scheme are sold by the relevant local authority or social landlord at a discount to market value calculated in accordance with the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001). A purchaser under this scheme must (in England and Wales for sales agreed on or subsequent to 18 January 2005) repay the whole of the discount if he sells the property within one year of acquiring it from the relevant local authority or social landlord, four-fifths if he does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years or (in Scotland or in England and Wales for sales agreed to prior to 18 January 2005) repay the whole of the discount if he sells the property within one year of acquiring it from the relevant local authority or social landlords, two-thirds if he does so within two years and one-third if within three years. For sales in England and Wales agreed since 18 January 2005, the relevant local authority has a right of first refusal on re-sale of the property during the period of 10 years from the date the property was acquired from the relevant local authority. The relevant local authority or social landlord obtains a statutory charge (or, in Scotland, a standard security) over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. This statutory charge (or standard security) ranks senior to other charges including that of any mortgage lenders, and so might prevent the mortgage loan from being a regulated mortgage contract under the FSMA (at least until the liability to repay any of the discount ceases or is discharged in full), unless (i) the mortgage lender has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy and (except in Scotland) is an approved lending institution for the purposes of the Housing Act 1985 or (ii) the relevant local authority or social landlord enters into a deed of postponement postponing its statutory charge to that of a mortgage lender.

The Seller is an approved lending institution under the Housing Act 1985. There is a concern that any funds advanced by an approved lending institution which are in excess of the amount of finance for the purchase price payable by the purchaser would be considered not to be for the purpose of enabling the purchaser to exercise the right to buy and therefore would not benefit from the subordination of the statutory charge and so might prevent the mortgage loan from being a regulated mortgage contract under the FSMA (at least until the liability to repay any of the discount ceases or is discharged in full).

None of the CL Originators were approved lending institutions under the Housing Act 1985. No deeds of postponement were issued by the relevant local authority in respect of these Mortgage Loans. These Mortgage Loans are therefore subordinated to the statutory charge in favour of the relevant local authority for the first three years from the date of origination. To mitigate the risk of losses arising as a result of such temporary subordination, the Seller has obtained insurance cover from London and European Title Insurance Services Limited in respect of such risk. The benefit of the relevant policy will be transferred to the Issuer under the terms of the relevant Series Portfolio Purchase Agreement.

The Seller has also obtained Right to Buy Insurance in respect of RTB Mortgage Loans, as described further under "*Other Title Insurance*" below.

Origination Procedures and Monitoring of Brokers

The Seller may derive its mortgage business from the following sources:

- a network of Packagers (as defined below), who may be remote processors or, before 31 October 2004, correspondent lenders; and
- intermediaries and brokers.

Mortgage Loans in a Series Portfolio may not be derived from direct dealings with consumers. The Seller regularly monitors the performance of all its partners during the course of its business.

The Seller sources its mortgage business through a network of authorised packagers that have been approved by the Seller (the **Packagers**) for the submission of loan applications and the introduction of potential borrowers to the Seller and its mortgage and related financial products. The Seller as at the date of this Offering Circular currently has approximately 117 such Packagers operating throughout the United Kingdom, and many of these Packagers have their own network of mortgage intermediaries attracting business on their behalf. In addition, before N(M), the Seller sourced business direct from mortgage intermediaries that were registered with the appropriate self-regulatory body to conduct mortgage business; on and from N(M), the Seller has sourced and will source business direct from mortgage intermediaries that are authorised by the FSA to conduct mortgage business in so far as may be required under the FSMA. This business is processed through the Seller's headquarters in Bracknell. From time to time, a number of these intermediaries also carry on packaging activities for the Seller.

The Seller requires professional and business standards to be met as a precondition to becoming one of its Packagers or Remote Processors. Before becoming a Packager or Remote Processor of the Seller, a packager or remote processor must, among other things, confirm that: (a) it holds all necessary authorisations and permissions under the FSMA in respect of its activities as a packager or remote processor; (b) it was (before 1 March 2000) registered under the Data Protection Act 1984 or (on and after 1 March 2000) notified under the Data Protection Act 1998; (c) it will comply with the OFT Guidelines for non-standard lending; and (d) it holds, and will maintain, a Consumer Credit Licence. Before N(M), packagers or remote processors were required to confirm that they were registered with the appropriate self-regulatory body before becoming a Packager or Remote Processor of the Seller.

Prior to 31 October 2004, the Seller also operated a correspondent lending programme. Under the programme, the participating firms (the **CL Originators**) originated loans in their own name but on terms which mirrored the Seller's standard terms mortgage documentation. The CL Originators applied the Seller's Lending Criteria. An underwriter who was employed by the Seller and located on a CL Originator's premises gave the final approval for each Mortgage application. For each Mortgage Loan written under the programme (a **CL Mortgage**), the Seller received a certificate of title from a firm of solicitors representing both the CL Originator and the Seller confirming the title to the property to be charged and in compliance with the Seller's guidelines and instructions. The Seller then funded the Mortgage Loan and the title deeds were forwarded to it directly from the solicitors involved. Under the terms of mortgage transfer agreements with each CL Originator, each CL Mortgage was immediately transferred or assigned to the Seller (subject to registration or (in Scotland) recording in respect of the legal title only) together with all rights the CL Originator had against third parties such as solicitors and valuers in connection with the CL Mortgage and its origination. The Seller registered the transfer (in the case of English Mortgage Loans) within the priority period afforded by the relevant legislation.

The correspondent lending programme ceased on 31 October 2004. Any mortgage loan in the pipeline for the correspondent lending programme on and from 31 October 2004 was completed within the remote processing programme.

The Seller also operates a remote processing programme. In contrast to the correspondent lending programme, the participating firms in the remote processing programme (the **Remote Processors**) originate loans on behalf of the Seller using the Seller's standard terms mortgage documentation. The Remote Processors use underwriters who are trained and supervised by the Seller to apply the Seller's Lending Criteria. An underwriter who is employed by the Seller and located on the Remote Processor's premises gives the final approval for each mortgage application.

The Seller may acquire Mortgage Loans directly from an originator other than the Seller. Each Third Party Originator will represent and warrant to the Seller that it is the legal and beneficial owner of the Mortgage Loans originated by it at the time of such sale. Further, each Third Party Originator will represent and warrant to the Seller that the Mortgage Loans originated by it are either registered in its name or are in the

process of being registered in its name at the Land Registry or (as applicable) the Registers of Scotland. In the case of English Mortgages, application will be made to the Land Registry to transfer such Mortgages to the Seller and upon such transfers being completed, the Seller will be the legal owner of such Mortgages. It typically takes between 2 and 4 months for the registration of the transfer of an English Mortgage to be completed. Until such time as registration of the transfers of the relevant English Mortgages to the Seller is complete, the relevant Third Party Originator will be the legal owner of such Mortgages. In the case of Scottish Mortgages application will usually be made to the Registers of Scotland to transfer such Mortgages to the Seller simultaneously with the application for the registration of the relevant Mortgage in the name of the Third Party Originator, in which event both the completion of the Third Party Originator's title to the relevant Mortgage and its transfer to the Seller will take effect from the date of submission for registration. Each Third Party Originator other than the Seller will covenant to the Seller to do such things as are necessary to ensure that the transfer of the Mortgages to the Seller is completed. Further, such Third Party Originator will give the Seller a power of attorney to enable the Seller to do, in its name, such things as may be necessary to ensure such transfer is completed. The Seller may sub-delegate to the Issuer under a power of attorney its rights under the power of attorney given by such originator in so far as that power of attorney relates to the Mortgage Loans originated by a Third Party Originator forming part of the relevant Series Portfolio.

Lending Criteria Categories of the Seller

All of the Mortgage Loans in the Series Portfolios originated by the Seller will have been underwritten generally in accordance with the Lending Criteria (as in effect on the date on which they were originated) of the Seller as discussed below subject to any additions or amendments to such Lending Criteria as disclosed in the relevant Supplement and the related Series Portfolio Purchase Agreement. Mortgage Loans originated by Third Party Originators and sold to the Seller will have been originated in accordance with such Third Party Originator's Lending Criteria which may be different from the lending criteria of the Seller and such Lending Criteria will, where such Mortgage Loans are material, be disclosed in the relevant Supplement.

The Seller will warrant to the Issuer and the Security Trustee in the relevant Series Portfolio Purchase Agreement (i) that the nature and amount of each Mortgage Loan in respect of the relevant Series Portfolio, the circumstances of the relevant Borrower and the nature of the relevant Property satisfied the relevant Lending Criteria as in effect on the relevant date or the permitted exceptions to the Lending Criteria and (ii) that, subject to the completion of any pending registrations, legal and beneficial title of all the Mortgage Loans in the relevant Series Portfolio will be, immediately prior to the execution of the relevant Series Portfolio Purchase Agreement or at the relevant assignment date, vested absolutely in the Seller.

The Mortgage Loans originated by Third Party Originators will be originated subject to similar lending criteria as the Lending Criteria of the Seller described below.

The Lending Criteria in respect of Mortgage Loans originated by the Seller consider, among other things, a borrower's credit history, employment history, status, repayment ability and debt service-to-income ratio, as well as the value of the property to be mortgaged. The Lending Criteria of the Seller are divided into different categories known as "Prime", "Near Prime" and "Non-Conforming", as described below. The Lending Criteria categories "Prime" and "Near Prime" contain criteria that would be generally acceptable to residential mortgage lenders lending to Borrowers who satisfy the standard requirements of traditional building societies and traditional high street banks. The Lending Criteria category "Non-Conforming" contains criteria that would generally be acceptable to residential mortgage lenders lending to Borrowers who have an impaired credit history or do not satisfy the standard requirements of building societies or high street banks. In respect of each Series Portfolio, the relevant Supplement will disclose the value of Mortgage Loans in the Series Portfolio originated by the Seller to Borrowers who broadly satisfy either of the three Lending Criteria categories.

Prime

Prime Borrowers must have a credit history which, in the six years prior to the application for a mortgage loan, must not include:

- (a) any Bankruptcy Orders or their Scottish or Northern Irish equivalents (BOs); or
- (b) any Individual Voluntary Arrangements (IVAs) (a less formal procedure open to insolvent individuals, even those already subject to bankruptcy proceedings),

and which does not include any unsatisfied County Court Judgments or its Scottish or Northern Irish equivalent (CCJ). A Prime Borrower may have one of either a CCJ or a CAIS (Credit Account Information Sharing) "Default" (a CAIS Default) against them (but not both) in the amount of less than £300 in value. This restriction will not apply where the CCJ was satisfied in the 2 years prior to the application for a Mortgage Loan or the CAIS Default was registered over 3 years prior to the application for a Mortgage Loan. The CAIS Default and any CCJ must be settled for a Prime Borrower at the time of the application to fulfil the Lending Criteria of the Seller. In addition such Borrowers must be up-to-date in respect of all their current financial obligations.

Near Prime

Near Prime Borrowers must have a credit history which has no BOs or IVAs placed against them for a period of 6 years prior to an application for a Mortgage Loan. A Near Prime Borrower may have one of either a CCJ or a CAIS Default against them (but not both) which has been settled in the 12 months prior to the application for a Mortgage Loan provided that the CCJ was of less than £300 value. This restriction will not apply if the CCJ or CAIS Default was settled over 2 years before the Borrower's application. In addition, such Borrowers must be up-to-date in respect of all their current financial obligations.

Non-Conforming

Non-Conforming Borrowers are likely to experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by Mortgage Loans made to Prime and Near Prime Borrowers. Non-Conforming Borrowers may have been subject to repossessions in the past.

Application process

In order to obtain a Mortgage Loan, each prospective Borrower must complete an application form which includes information with respect to the applicant's income (except in respect of certain Near Prime Mortgage Loans for which the decision to lend is based on an applicant's credit history and on which application form an applicant does not need to state his or her income (**Star Loans**)), current employment details, bank account information (if applicable), current mortgage information (if applicable) and certain other personal information. A consumer credit search is made in all cases which may give details of any CCJs, BOs and IVAs and which may indicate persons who are listed on the voter's roll as being residents of the Property.

Mortgage Loan Term

Each Mortgage Loan in a Series Portfolio has an original term of between five and thirty years. If the Mortgage Loans in a Series Portfolio have an original term past 30 years this will be specified in the relevant Supplement.

Age of Borrower

Borrowers must be at least 18 years of age prior to the completion of the Mortgage Loan. For Mortgage Loans underwritten in accordance with the "Near Prime" Lending Criteria of the Seller (**Near Prime Mortgage Loans**) and Investment Mortgage Loans, Borrowers must be at least 21 years of age. Furthermore, the term of Mortgage Loans usually must end before the primary applicant reaches his/her 76th birthday (subject to approved exceptions). In instances where the second applicant will be over the age of 75 at the end of the term of the Mortgage Loan and 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

No more than four Borrowers (or two in the case of Investment Mortgage Loans) may be party to a Mortgage Loan.

Employment Details

The Seller currently checks applicants' income (**Quality Assurance Check**) on a sample basis, although it retains the right to apply Quality Assurance Checks to all applications (with the exception of **Star Loans**). Where an applicant is selected for a Quality Assurance Check, the applicant will be required to verify his or her income, and no offer will normally be made until proof of income has been received.

The policies of the Seller in regard to the verification of the details of an applicant's income distinguish between two different categories of applicant, employed and self-employed. The income of employed applicants may be verified by (i) a formal reference from the applicant's employer; (ii) a P60 or three months' supporting payslips; or (iii) self-certification by the applicant (only for Mortgage Loans up to certain maximum amounts and where the terms of the product allow). For the purpose of calculating an applicant's gross income, items can be considered in addition to base salary such as a certain percentage of guaranteed overtime, bonuses and commissions, confirmed pension income, regular investment and rental income, employer subsidies and maintenance payments.

The income of self-employed applicants may be verified either by (i) a signed certificate of income or a minimum of one year's (or where the LTV exceeds 85 per cent., two years') accounts in each case prepared and signed by an accountant with acceptable qualifications. For Mortgage Loans up to £250,000 with an LTV of up to 85 per cent., preparation and signature by a bookkeeper may be sufficient; or (ii) self-certification by the applicant (only if the applicant has been trading for a minimum of six months and for Mortgage Loans up to certain maximum amounts and where the terms of the product allow).

Verification of income is requested on "high risk" and on a random basis. Self-certification of income is permitted for Borrowers who must meet adequate credit-scoring levels based on such factors as size of loan, loan-to-income ratios credit, credit quality and LTV.

On applications where a Quality Assurance Check is not carried out, a telephone call may be made to the applicant's place of work to confirm that he or she works there, having independently verified the telephone number. In the case of self-employed applicants, a telephone call may be made to the accountant to confirm that he or she acts for the applicant. For Star Loans, where no income is declared, the employer or an accountant of the Borrower is telephoned in every case, for the purpose of confirming the employment (but not the income) of that Borrower.

Property Types

The Seller requires that each Mortgage Loan is secured by a first legal charge (an **English Mortgage**) over a freehold or long leasehold residential property in England or Wales governed by English law or a first ranking standard security (a **Scottish Mortgage**) over a heritable or long leasehold residential property located in Scotland governed by Scots law or a first legal mortgage (a **Northern Irish Mortgage**) over a freehold fee farm grant or a long leasehold residential property in Northern Ireland (but see "*Right-to-Buy Scheme*" above in respect of RTB Loans). The expiry of a leasehold property that serves as security for a Mortgage Loan in most cases post-dates the maturity of the Mortgage Loan by at least 30 years, although there may be a certain number of Mortgage Loans in a Series Portfolio which are secured by a leasehold property the expiry of which post-dates the maturity of the Mortgage Loans by less than 30 years.

Properties less than 10 years old are generally required to have the benefit of an NHBC guarantee (or, if the property was built after 1 April 2003, a New Home Warranty Certificate), a Zurich Municipal warranty, a Premier Guarantee or an architect's certificate, and in relation to Mortgage Loans originated after 22 August 2005, properties less than 10 years old must have such a guarantee, warranty or certificate.

Certain property types will not be considered by the Seller for the purposes of providing security for a Mortgage Loan. Examples of properties that would not be deemed acceptable to the Seller as security include: (a) freehold flats and freehold maisonettes in England and Wales; (b) properties with agricultural restrictions; (c) properties not wholly owned by the Borrower, where equity is retained by a builder/developer, housing association or other third party; and (d) properties of 100 per cent. timber construction.

Mortgage Loan Amount

The Seller will not originate, and will not allow a Remote Processor (and, prior to 31 October 2004, did not allow a CL Originator) to originate, a Mortgage Loan that will be £25,000 or less at the time of completion, subject to exceptions in certain circumstances. A Mortgage Loan, including Further Advances, will, subject to exceptions in certain circumstances, not exceed £3m.

By way of exception, as of 17 October 2005, Investment Mortgage Loans, which may cover a number of different investment properties, may have a principal balance of up to £1.5m.

Maximum LTV

The LTV is calculated by dividing the gross principal amount (net of any fees) committed at completion of the Mortgage Loan by the lower of the valuation of the Property (as described under "*Valuation*" below) or,

in the case of a Mortgage Loan made for financing the purchase of a Property, the disclosed purchase price (except in exceptional cases, *i.e.* where the purchase price that has been paid reflects a discount). The Seller does not originate, and will not allow a Remote Processor (nor, prior to 31 October 2004, did the Seller allow a CL Originator) to originate, Mortgage Loans with an LTV higher than 95 per cent., subject to exceptions in certain circumstances.

Income Multiples

The income multiples available to Borrowers will be dependent on LTV and may also be dependent on the credit score and will be specified in the relevant Supplement.

Affordability Test

For Mortgage Loans originated prior to 10 February 2003, the CL Originators and Remote Processors sometimes incorporated into their underwriting procedures an affordability test, which attempted to estimate the ability of a Borrower to make payments under a Mortgage Loan where the income multiples exceeded the stated levels and which underwriters would have previously only allowed by exception. For applications processed by Assetwise, since 15 January 2005, an affordability test will be used. Assessment of ability to repay will be made through a number of policies including income multiples, debt to income restrictions and assessment of income through affordability modelling. The affordability test is a contributing factor in the decision whether to accept or reject an application for a mortgage.

Credit History

In addition to employer references and valuation reports, the Seller may, depending upon the particular circumstances, require Borrowers to furnish other references, for example from previous lenders and landlords. The Seller may also review a Borrower's bank or building society statements but only does so in limited circumstances. In addition, the Seller requires that an approved credit search covering the preceding three years be undertaken for all Borrowers.

Where a CCJ relating to an applicant has been revealed by the credit reference search or instalment arrears have been revealed by lenders' or landlords' references or an applicant has been subject to a BO or an IVA, explanations may be sought by the Seller.

The Seller generally considers the accumulated aggregate value or number of the CCJs lodged against a Borrower in the preceding three-year period in its consideration of that Borrower's Mortgage Loan application and/or in its setting of the rate to be charged on the Mortgage Loan. Where satisfaction of a CCJ is a requirement of the Mortgage Loan, a certificate of satisfaction must have been provided or entry on the Experian search bearing the word "satisfied" against it obtained.

Borrowers who were extended a Mortgage Loan despite being previously subject to a BO are generally required to provide a certificate of discharge. Borrowers who are subject to an IVA are generally required to provide a confirmation of satisfactory conduct of the IVA where appropriate. Where satisfaction of an IVA is a requirement of the Mortgage Loan, a certificate of satisfaction must have been provided or entry on the Experian search bearing the word "satisfied" against it obtained.

Repossessions in preceding years of previously mortgaged property will also be considered as relevant to a Borrower's application for a Mortgage Loan. The Borrower is required to submit information relating to any outstanding debt and/or ongoing debt recovery in relation to the repossession for the review of the Seller. Borrowers who have been subject to such repossessions will have an additional percentage margin attached to the applicable Mortgage Rate

Valuation

For all Mortgage Loans originated by the Seller, Properties are required to be valued on-site by a qualified surveyor chosen from a panel of the Seller's approved valuation firms. Valuations must be completed before an offer can be made. The qualified surveyor will be instructed by the Seller or the Packager or Remote Processor (or, where applicable prior to 31 October 2004, the qualified surveyor would have been instructed by the CL Originator). For Further Advances where the latest valuation on file is less than three years old and the value of debt is within certain parameters, the Seller will use an index value rather than performing a valuation. Following completion of the on-site valuation, a number of valuations are selected for audit. The Seller uses an automated process as the initial check within the valuation audit process. The Seller may

implement the use of an AVM model (a valuation system which provides auto-valuations). If this method is incorporated, the number of the loans valued through this method will be disclosed in the relevant Supplement. The Seller may also implement the use of drive-by valuations as a method of valuation. Drive-by valuations are currently required for those cases where the variation between the valuation done by the surveyor and the valuation produced by the automated process differ by more than 10 per cent. If the drive-by valuation results in a variation of more than 10 per cent. from the valuation produced by the automated process, a second on-site valuation will be instructed using a different valuation company. If a variation of more than 10 per cent. still exists, the case is referred to the Seller's surveyor, who determines the final valuation figure to be used.

Retentions

In cases where the property valuer determines that there is a need for additional remedial (or, in respect of new construction, completion) work to be performed on a Property, the Seller may retain, in full, or prior to 23 July 2002, in part, the monies to be extended to the Borrower under the Mortgage Loan until such time as the work deemed to be necessary is successfully completed. Accordingly, the completion of the work serves as a condition for the release of the retained funds under the Mortgage Loan. In the future, in cases where the property valuer determines that there is a need for additional remedial (or, in respect of new construction, completion) work to be performed on a Property, the Seller may retain part of, the monies to be extended to the relevant Borrower under the Mortgage Loan until such time as the work deemed to be necessary is successfully completed. The retention is, in both cases, released when the required work is completed to a satisfactory standard and has been reinspected. Often a time for completion of the required work is specified in the offer conditions for the Mortgage Loan. In the event that a time for completion is not so specified, the work is to be completed in a timely fashion, which the Seller generally considers to be no longer than six months. The relevant Series Servicer will be responsible for releasing any existing outstanding retentions on Mortgage Loans in the relevant Series Portfolio.

Borrower Maintenance Covenants

In relation to each of the Mortgage Loans originated by the Seller, the relevant Borrower has covenanted to keep the Property in good repair and condition, to comply with all covenants and statutory requirements in respect of the Property and to pay in a timely fashion all taxes and other amounts required to be paid in connection with the Property. The relevant Borrower has also agreed to allow the Seller to go into the Property at any reasonable time to inspect it and to carry out work which the Seller has requested the relevant Borrower to do and which the Borrower has failed to do within reasonable time. If the Seller becomes aware that the relevant Borrower is in violation of his covenants, statutory requirements or other obligations, it will take appropriate action to protect its security.

Buildings Insurance

It is a condition of each Mortgage Loan originated by the Seller that each Property be insured for its full re-instatement value as stated in the valuation report with an acceptable insurance company and at the Borrower's cost (subject to certain exceptions in the case of leasehold properties). The Seller requires that the firm of solicitors or licensed conveyancers acting on behalf of the Borrower or in certain circumstances on behalf of the Seller confirms prior to completion that the current insurance policy complies with the requirements of the Seller (in respect of Mortgage Loans originated by the Seller). In all of these cases, the interest of the Seller is noted on the relevant policy from the date of completion of the Mortgage Loan. The Seller usually has the option to use any monies received under any insurance policy affecting the property to make good the loss or damage in respect of which the monies were received or to use them to reduce or repay the relevant Mortgage Loan.

Further Advances

Further Advances, in respect of any Series Portfolio, will be governed by the Lending Criteria and, together with the initial advances, must not exceed the maximum loan amount permitted by the relevant Lending Criteria. Generally, the Borrower should not be in arrears in relation to the existing Mortgage Loan in respect of the relevant Series Portfolio, and should not have been in arrears for any significant period of time.

Express Completion Service

In January 1999, the Seller began offering its Express Completion Service, which enables a Borrower to remortgage a Property under an expedited procedure that can allow completion within ten days from the

offer by the Seller to extend the remortgage loan. The process differs from traditional conveyancing practice in that there is no in-depth investigation of title. Instead, for Mortgage Loans originated prior to 31 January 2005, First Title Insurance plc (**First Title**), a company which provides title insurance and whose address is Walkden House, 3-10 Melton Street, London NW1 2EB, or, for Mortgage Loans originated after 31 January 2005, London & European Title Insurance Services Limited (**London & European**), a company which provides title insurance and whose address is 3rd Floor, 5-10 Bury Street, London EC3A 5AT, provides a protection policy on a Property for the sole benefit of the Seller. Among other things, this policy provides protection (a) that there is good and marketable title to the Property; (b) that the Property was built, and (if relevant) modified or extended since, in compliance with all necessary planning and building regulation approvals; (c) against adverse information which would be discovered from local authority searches; and (d) against costs or legal expenses necessary to defend the title. After an agent of First Title or London European, as applicable, checks ownership of the Property, First Title or London European, as applicable, provides a certificate of insurance to the Seller. The agent then arranges execution of the relevant documents, requests the funds from the Seller and, upon receipt, disburses such funds under the Seller's instructions and completes the transaction. The Express Completion Service may also be conducted by CL Originators and Remote Processors. The benefit of the First Title policy is assigned by the Seller to the Issuer pursuant to the Series Portfolio Purchase Agreement.

Other Title Insurance

Occasionally, no local search is carried out by the solicitors involved in the mortgaging of a Property. Where a local search is not concluded, the Seller (jointly with the CL Originator in respect of CL Mortgages) enters into a local search indemnity insurance policy with Legal & Insurance Services Limited, P.O. Box 234, Tunbridge Wells, Kent TN3 0LX.

The Seller sometimes requires its solicitors to obtain a title insurance policy for a particular Property if a title issue has been identified in relation to that Property. For example, a Property may only have good leasehold title or may have been subject to a suspected transfer at an undervalue in the past. The Seller requires its solicitors to check each policy to ensure that the limit on cover is at least 100 per cent. of the valuation of the Property and that all policies are assignable.

The Seller has obtained insurance cover (**Right to Buy Insurance**) from London & European Title Insurance Services Limited in respect of RTB Loans. The policy is a full title insurance policy, plus it allows the Seller (and, prior to 31 October 2004, CL Originators) to complete RTB Loans without obtaining a deed of postponement from the Local Authority.

In July 2003, the Seller began obtaining stand alone right to buy insurance. This is a policy (also offered through London European Title Insurance Services Limited) which removes the need to obtain a deed of postponement and is not a full title insurance policy.

The relevant Series Portfolio Purchase Agreement will contain a general assignment of any other title policy linked to an individual Property.

Solicitors

The Borrower will instruct a firm of solicitors or licensed conveyancers who are approved by the Seller to act on its behalf as well as on behalf of the Seller on the origination of a Mortgage Loan by the Seller. The nominated firm must meet certain minimum requirements. For instance, the solicitors firm acting on behalf of the Seller must have a minimum of two registered partners and the licensed conveyancers must be one of a limited number of approved firms. If the nominated firm of solicitors or licensed conveyancers does not meet the minimum requirements, the Seller has reserved the right to instruct other solicitors or licensed conveyancers to act on its behalf at the expense of the Borrower.

Mortgages on Let Properties

The Seller offers a type of mortgage loan (**Investment Mortgage Loans**) exclusively for investment properties (**Investment Properties**). Prohibited from occupying an Investment Property itself, the Borrower must let an Investment Property within a certain period of completion on a shorthold tenancy (in Scotland, a short assured tenancy) or on a company let not exceeding a certain number of months to tenants who have demonstrated themselves to be of acceptable character and able to meet their obligations to pay rent. No sub-letting by the tenants is permitted.

Investment Mortgage Loans are extended only with the Investment Properties as collateral. The Seller takes no additional security for the purposes of the Investment Mortgage Loans.

The Lending Criteria for Investment Mortgage Loans originated by the Seller also differ from the criteria applied to other Mortgage Loans in certain respects, including the following:

- As Investment Mortgage Loans are seen as self-financing, there is no requirement for the Borrower to achieve certain income multiples. However, the gross monthly rental income must achieve a certain percentage of the monthly mortgage interest payment depending on the product. For prime investment Mortgage Loans the gross monthly rental income must be at least equivalent to the bank base rate at that time, plus one per cent. For non-conforming investment mortgage loans, the gross monthly rental income must be at least 110 per cent. of the monthly interest payment.
- For similar reasons, the Seller may sometimes extend an Investment Mortgage Loan to a Borrower for a term that will last up to that particular Borrower's 76th birthday (see "*Age of Borrower*" above).
- The maximum LTV for an Investment Mortgage Loan is 89 per cent. (in the case of Prime and Near Prime Borrowers) and 85 per cent. for Non-Conforming Borrowers (prior to 31 January 2005 it was 85 per cent. for Prime, Near Prime and Non-Conforming Borrowers).
- As the primary assessment on the Borrower's ability to pay is based on expected rental income, this is assessed as part of the manual valuation.
- No more than two Borrowers may be party to an Investment Mortgage Loan.

In addition to the Investment Mortgage Loans, exceptions may be granted in relation to certain other Mortgage Loans originated by the Seller in a Series Portfolio to allow the Borrowers to let their Properties. In such circumstances, the Seller may increase the Mortgage Rate on such Mortgage Loans.

Fraud Prevention

The Seller has a risk management team whose primary focus is on preventing fraud and maintaining the quality of the loan book, and whose objectives also include controlling and managing the Seller's lending policy and criteria and protecting, controlling and reducing the Seller's risk. Fraud prevention measures used by the team include (a) the use of automated credit and fraud alert systems, including CIFAS, Hunter, BTURU and, until February 2005, DETECT; (b) the use of qualified surveyors to audit property valuations; (c) investigation of fraud referrals from the new business area; (d) the use of a three month nil payment report, items on which are investigated and the information fed back into the lending policy; and (e) a 100 per cent. audit of all mortgage loans above £500,000 prior to completion which in relation to Mortgage Loans originated after 22 August 2005 will include a land registry search.

The Seller also manages its lending policy and that of its intermediary firms through (a) an annual audit programme; (b) prior to 31 October 2004, an audit of its CL Originators; (c) a process to evaluate the suitability of potential business introducers; and (d) an exceptions reporting policy.

Application Process

In order to obtain a Mortgage Loan, the Seller requires that each prospective Borrower complete an application form 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. A consumer credit search is made in all cases which may give details of any CCJs, IVAs or BO's and which may indicate persons who are listed on the voters' roll as being the residents of the Property.

The majority of applications for Mortgage Loans are processed automatically by the Seller's Assetwise decisioning programme which runs a credit search, conducts credit scoring and checks the applicant's details against an external fraud detection database as well as the Seller's own records. Credit scoring applies statistical analysis to data available from outside sources and customer-provided data to assess the likelihood of an account going into arrears.

The Seller has introduced point of sale decisioning (POSD), a web-based programme whereby brokers can complete and submit applications on-line and receive a binding decision (subject to satisfaction of certain requirements) from the Seller within approximately one minute. The applications through the POSD system are also processed by Assetwise.

Where an applicant is not eligible for the requested product, the POSD system will decline the application. The broker is then free to submit a limited number of additional applications for another, potentially more suitable, product. The POSD programme has been successfully piloted across all product ranges and the

Seller has rolled it out for use on all new originations from brokers and some Packagers as of 1 June 2004. POSD was made available to all Remote Processors in June 2005 and is now in use by all Remote Processors. Cascade functionality was introduced on POSD and Assetwise from 10 October 2005. If a decline decision is returned to a broker using the POSD on-line decisioning system, that broker will automatically be presented with products of the same type on the next available platform that has received an accept decision. If there are no suitable products, the broker will be advised. All Mortgage Loans originated through POSD remain subject to the Seller's underwriting policies, Lending Criteria and internal policies for compliance with government regulations, such as those concerning money laundering. In addition, all underwriting decisions are subject to periodic audits.

Discretion to Lend Outside Lending Criteria

Subject to approval in accordance with internal procedures, the Seller may have determined on a loan-by-loan basis that, based upon compensating factors, a prospective Borrower who did not strictly qualify under its Lending Criteria warranted an underwriting exception. Compensating factors may include, but are not limited to, a low LTV, stable employment and time in residence at the applicant's current residence.

Changes to Lending Criteria

The Seller may vary the Lending Criteria from time to time. Such revisions may include extending mortgage loans to borrowers who are recently self-employed, independent contractors and temporary employees. Consolidated Mortgage Loans, Further Advances and Substitute Mortgage Loans may only be included in a Series Portfolio if they were originated in accordance with the relevant Lending Criteria (varied as specified herein) and the Transfer Conditions in respect of the relevant Series Portfolio have been satisfied, and may include other types of Mortgage Loans in the relevant Series Portfolio if the Rating Agencies have confirmed that the then current ratings of the Notes would not be adversely affected thereby.

REGULATION OF THE UK RESIDENTIAL MORTGAGE MARKET

The following summary of certain regulatory considerations does not discuss all aspects of applicable legislation and other authorities which may be important to prospective investors.

Until 31 October 2004, mortgage business in the United Kingdom was self-regulated under the mortgage code (the **Mortgage Code**) sponsored by the Council of Mortgage Lenders (the CML) and policed by the Mortgage Code Compliance Board (the MCCB). Membership of the CML and compliance with the Mortgage Code were voluntary. The Mortgage Code set out a minimum standard of good mortgage practice. Since 30 April 1998, lender-subscribers to the Mortgage Code were not able to accept mortgage business introduced by intermediaries who were not registered with the appropriate self-regulatory body, which was (before 1 November 2000) the Mortgage Code Register of Intermediaries or (on and from 1 November 2000 until 31 October 2004) the MCCB.

On and from 31 October 2004 (the date known as N(M)), rules and regulations came into force under the FSMA in relation to the regulation of mortgages; the FSA is the regulator under this regime.

The scope of mortgage regulation is set out in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended.

The following activities: (i) entering into as lender; (ii) administering; (iii) arranging in respect of; and (iv) advising in respect of regulated mortgage contracts, together with agreeing to do any of these activities, are regulated activities under the FSMA. On and from N(M), a credit agreement is a regulated mortgage contract if, at the time it is entered into: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by a first legal mortgage on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. A variation of a Mortgage Loan may also fall within the regime insofar as, on or after 31 October 2004, such variation amounts to a new contract (and otherwise satisfies the definition of regulated mortgage contract).

Each entity carrying on a regulated activity under the FSMA is required to hold authorisation and permission from the FSA to carry on that activity. If requirements as to authorisation of lenders, brokers and other intermediaries (in relation to the carrying on of regulated activities under the FSMA concerning entering into and arranging and advising in respect of a regulated mortgage contract) are not complied with, the regulated mortgage contract is unenforceable against the borrower except with the approval of a court. Generally, each financial promotion relating to a regulated mortgage contract (or other credit agreement secured by a mortgage on land, where the lender carries on the regulated activity of entering into regulated mortgage contracts) has to be issued or approved by a person holding authorisation and permission from the FSA. If such requirements as to financial promotions are not complied with, the regulated mortgage contract (or other credit agreement) is unenforceable against the borrower except with the approval of a court.

Failure to comply with requirements as to authorisation and as to the issue and approval of advertisements is a criminal offence.

Any credit agreement intended to be regulated by the FSMA might instead be wholly or partly regulated by the Consumer Credit Act or treated as such or unregulated, and any credit agreement intended to be unregulated might instead be regulated by the FSMA, because of technical rules on (a) determining whether the credit agreement or any part of it falls within the definition of "regulated mortgage contract" and (b) changes to credit agreements.

The FSA's Mortgages: Conduct of Business Sourcebook (MCOB) sets out its conduct of business rules in respect of regulated mortgage activities. These rules cover, amongst other things, pre-contract, start of contract and post-sale disclosures, rules on contract changes, charges, arrears and repossessions and certain pre-origination matters, such as financial promotions, and pre-application illustrations. MCOB came into force on N(M).

Rules also came into force on N(M) relating to the prudential and authorisation requirements placed on authorised persons in respect of regulated mortgage activities, and regulating and extending the appointed representatives regime, which previously applied to investment businesses, to cover mortgages on and from that date.

So as to avoid dual regulation, it is intended that regulated mortgage contracts will not be regulated by the Consumer Credit Act and the relevant regulations under the FSMA are expected to clarify the position in

this regard.. This exemption only affects credit agreements made on or after N(M), and credit agreements made before N(M) but subsequently changed such that a new contract is entered into on or after N(M) which constitutes a regulated mortgage contract.

A court order will be necessary to enforce a land mortgage securing a regulated mortgage contract to the extent that it would otherwise be regulated by the Consumer Credit Act or treated as such. In dealing with such application the court has the power, if it appears just to do so, to amend a credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

The Seller's mortgage lending business, its Remote Processors' business, (in some cases) the Packagers' mortgage business, the Series Servicer's mortgage administration business, the Seller's brokers' mortgage arranging and advisory business, and (depending on the circumstances) the mortgage business of its other intermediaries constitute regulated activities.

It is likely that the Issuer's business and the Trustee's business would not constitute a regulated activity, if the Issuer and Security Trustee arranged for mortgage administration to be carried out by an administrator having the required permission. If such arrangement terminates, however, the Issuer and Security Trustee will have a period of no more than a month in which to arrange for mortgage administration to be carried out by any replacement administrator having the required permission.

The Seller has received all requisite authorisations and permissions from the FSA to carry on all of its activities which were regulated activities on and from N(M). The Seller requires that each Remote Processor, Packager and (where relevant) its other intermediaries hold all requisite authorisations and permissions to carry on any applicable regulated activities and independently checks that such authorisations and permissions are in place.

Non-Status Lending Guidelines for Lenders and Brokers and Responsible Lending

The Seller follows the Guidelines which were issued by the Office of Fair Trading on 18 July 1997 and revised in November 1997.

The Guidelines regulate the activities of lenders in relation to their activities in the non-standard residential mortgage market in areas such as advertising and marketing, loan documentation and contract terms, the relationship between lenders and brokers, selling methods, underwriting, dual interest rates and early redemption payments.

The actions of any broker or other intermediary involved in marketing a lender's products can jeopardise the lender's fitness to hold a consumer credit licence, and the Guidelines make clear that lenders must take all reasonable steps to ensure that such brokers and other intermediaries comply with the Guidelines and all relevant statutory requirements. This is so even if the lender has no formal or informal control or influence over the broker.

The Guidelines provide that lenders must carry on responsible lending, with all underwriting decisions being subject to a proper assessment of the borrower's ability to repay, taking into account all relevant circumstances, such as the purpose of the loan, the borrower's income, outgoings, employment and previous credit history. Lenders must take all reasonable steps to verify the accuracy of information provided by borrowers on or in support of the loan application and all underwriting staff must be properly trained and supervised.

Charges payable on any early redemption (in whole or in part) are also restricted under the Guidelines. Essentially, partial repayments must be permitted and any early repayment charges must do no more than cover the costs reasonably incurred by the lender in processing the payments. Certain lenders had previously used the Rule of 78 to set the charges due from borrowers on early redemption, but the Guidelines state that this is unfair and oppressive and that lenders must discontinue its use at the earliest opportunity for loans not regulated by the Consumer Credit Act. The Seller has never used the Rule of 78 to set such charges.

Lenders regulated by the FSMA are subject to requirements as to "responsible lending". They are required to take account of the borrower's ability to repay before deciding to enter into a regulated mortgage contract or to make further advances on such contract. They are also required to put in place, and to operate in accordance with, a written policy on responsible lending.

Series Portfolio Purchase Agreements

The Issuer will from time to time purchase Series Portfolios (as described below) of residential Mortgage Loans together with the Related Security for their repayment (including the relevant mortgages and standard securities) from GMAC-RFC Limited in its capacity as seller (the Seller) under a portfolio purchase agreement in respect of each Series Portfolio (each a **Series Portfolio Purchase Agreement**) dated the relevant transfer date (each a **Transfer Date**) and entered into by the Seller, the Issuer and the Security Trustee. Each Series Portfolio Purchase Agreement will provide for the delivery of lists of the Mortgage Loans and their Related Security which will list the relevant Series Completion Mortgage Pool being sold to the Issuer. Each Series Portfolio purchased will relate to a particular Series and the Series Secured Creditors and the Series Priorities of Payments in respect of such Series will be specified in the relevant Supplement.

Series Portfolio

Each Series Portfolio will comprise:

- (a) a pool of mortgage loans acquired on the relevant Series Issue Date and its Related Security (each a **Series Completion Mortgage Pool**) which will comprise Mortgage Loans selected by the Seller from the Series Initial Mortgage Pool;
- (b) if specified in the relevant Supplement, a further pool of residential mortgage loans and their Related Security to be acquired after the initial Series Transfer Date on the dates specified in the relevant Supplement (together, the **Series Pre-Funded Mortgage Pool** and each a **Pre-Funded Mortgage Loan**);
- (c) any Consolidated Mortgage Loans (as defined below) acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement;
- (d) any Substitute Mortgage Loans (as defined below) acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement; and
- (e) any Further Advances (as defined below) acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement

other than, in any such case, any Mortgage Loans which have been repaid and discharged or in respect of which funds representing principal outstanding have otherwise been received in full, or which have been repurchased by the Seller pursuant to the relevant Series Portfolio Purchase Agreement or in respect of which enforcement procedures have been completed.

A Series Portfolio sold to the Issuer under the Series Portfolio Purchase Agreement in respect of any Series must comply with the Transfer Conditions on the relevant Transfer Date.

Each Series Portfolio acquired by the Issuer from the Seller will consist of Mortgage Loans and their Related Security (other than any Mortgage Loans and their Related Security which have been redeemed in full prior to the relevant Cut-off Date or which do not otherwise comply with the terms of the Series Portfolio Purchase Agreement as at the relevant Transfer Date). The particulars of the Series Completion Mortgage will be set out in the relevant Series Portfolio Purchase Agreement and may be delivered in connection therewith in a document stored upon electronic media (including, but not limited to, a CD-ROM).

Consideration

The consideration payable by the Issuer to the Seller for the purchase of each Series Completion Mortgage Pool and Series Pre-Funded Mortgage Pool, if applicable, will be specified in the relevant Series Portfolio Purchase Agreement. The consideration payable by the Issuer for each Series Portfolio (including in respect of the Consolidated Mortgage Loans and interests in Further Advances transferred into the Series Portfolio as described below) will as specified in the relevant Supplement consist of:

- (a) a cash payment made by the Issuer from the proceeds of the relevant Series of Notes issued and/or other sources of funding received from the Issuer (e.g. bank credit facilities) on the relevant Transfer Date (and in respect of Pre-Funded Mortgage Loans such payment will be made on the Eligible Dates (as specified in the relevant Supplement) for such Pre-Funded Mortgage Loans); and
- (b) payments made in respect of any Series Residuals (as described above under "*Description of the Notes – Series Residuals*") issued to the Seller or as the Seller may direct, on which payments will be made on each Distribution Date in accordance with the applicable Series Priorities of Payments (provided that there are available funds and after the making of any provisions in accordance with normal accounting practice); and/or

- (c) payments made in respect of any Series MERCs issued to the Seller or as the Seller may direct in connection with the sale of a Series Completion Mortgage Pool to the Issuer. See further “*Description of the Notes – Series MERCs*” above; and/or
- (d) such other forms of payment obligations of the Issuer, as specified in the relevant Supplement.

Pre-Funded Mortgage Loans

If the relevant Supplement provides for the sale of Pre-Funded Mortgage Loans, the Issuer will deposit proceeds from the issue of Series of Notes in the relevant Series Transaction Account and such proceeds (the **Pre-Funded Mortgage Loan Amounts**) will be applied in the future to acquire Mortgage Loans (the **Pre-Funded Mortgage Loans**) from the Seller that will be allocated to the relevant Series Portfolio. Pre-Funded Mortgage Loan Amounts deposited in the relevant Series Transaction Account will be recorded in the relevant Series Pre-Funded Mortgage Loans Ledger. Although no assurance can be given, it is intended that the purchase of the Pre-Funded Mortgage Loans will require the application of substantially all of the Pre-Funded Mortgage Loan Amounts standing to the credit of the relevant Series Transaction Account. Any remaining amounts may be distributed to Noteholders of the relevant Series in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

In connection with the deposit of Pre-Funded Mortgage Loan Amounts in the relevant Series Transaction Account, an interest shortfall amount may be held in the relevant Series Transaction Account (the **Pre-Funded Mortgage Loans Interest Shortfall**) to be applied to make up the difference in the amount of interest the Issuer would have received from and including the relevant Transfer Date to the date on which the Pre-Funded Mortgage Loans in the Series Portfolio are acquired had the Issuer owned the Pre-Funded Mortgage Loans from the relevant Transfer Date in respect of the applicable Series.

Pre-Funded Mortgage Loans purchased by the Issuer must comply with the same Transfer Conditions as would be applicable to Mortgage Loans of that type under the relevant Series Portfolio Purchase Agreement.

First Month Mortgage Loans

It is a requirement of the Series Portfolio Purchase Agreement in respect of any Series Portfolio that at least one scheduled payment of interest or interest and principal (a **Monthly Payment**) under a Mortgage Loan has been received in full before the relevant Mortgage Loan is sold to the Issuer. However, as an exception to this requirement, in connection with a Series Pre-Funded Mortgage Pool, a mortgage loan in respect of which the first Monthly Payment has not yet fallen due by the second Business Day prior to the Transfer Date and which otherwise meets the Transfer Conditions (a **First Month Mortgage Loan**) may be sold to the Issuer on such Transfer Date in respect of any Series Portfolio on the condition that the first Monthly Payment must be received by the Issuer in cleared funds by the First Month Loan Qualifying Date specified in the relevant Supplement. If the first Monthly Payment is not received by the Issuer by the First Month Loan Qualifying Date, the Seller will be obliged to repurchase the First Month Mortgage Loan from the Issuer pursuant to the terms of the relevant Series Portfolio Purchase Agreement and as described below under “*Requirement to Repurchase*”. The amount of Mortgage Loans by value constituting First Month Mortgage Loans in a Series Pre-Funded Mortgage Pool will be restricted to a specified amount as disclosed in the relevant Supplement. There are no Programme limits on the amount of First Month Mortgage Loans that can be purchased by the Issuer.

Converted Mortgage Loans

The Issuer is not permitted to convert a Mortgage Loan into any other type of mortgage product. To the extent the Series Servicer receives a request from a Borrower to convert a Mortgage Loan into another type of mortgage product, the Series Servicer may approve the conversion of the Mortgage Loan (a **Converted Mortgage Loan**) if the request complies with the Seller's standard policies and procedures. The Seller will be required under the Series Portfolio Purchase Agreement to repurchase the Mortgage Loan before it is converted. The obligation of the Seller to repurchase a Mortgage Loan before it is converted does not apply to Mortgage Loans where the mortgage documentation prescribes at the commencement of the Mortgage Loan that the relevant Mortgage Loan will be converted from a fixed rate Mortgage Loan to a Mortgage Loan with a different type of interest rate.

Further Advances

Unless otherwise specified in the relevant Supplement, Further Advances may be made as a Series Permitted Withdrawal (and paid outside of the relevant Series Priorities of Payments) on any date prior to Service of

a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series. Further Advances will be funded out of Available Capital Funds (as defined below) in respect of a Series, as further described in the relevant Supplement. See "*Credit Structure – Series Permitted Withdrawals*" below.

Further Advances, in respect of any Series Portfolio, will be made by the Seller and will be purchased from the Seller subject to the satisfaction of the following conditions:

- (a) the relevant Borrower is not in material breach of any of the conditions of the relevant Mortgage Loan and during the six-month period prior to the making of any Further Advance, the relevant Borrower has not been in arrears of any payment of interest or principal;
- (b) in making the Further Advance, the Lending Criteria and the applicable Transfer Conditions in respect of such Mortgage Loan and Further Advance are met (subject to certain permitted exceptions as specified in the relevant Series Portfolio Purchase Agreement);
- (c) the provisions of the FSMA, the CCA and the regulations promulgated thereunder, the Financial Services (Distance Marketing) Regulations 2004 and all other relevant laws, regulations, authorisations and permissions have been complied with to the extent that they apply to any such Further Advance;
- (d) prior to making the Further Advance no second mortgage, charge or standard security has been created over the relevant Property unless such second mortgage, charge or standard security has been expressly postponed by deed to the Mortgage securing such Further Advance or unless the loan secured by such second charge is to be, and is, redeemed out of the proceeds of the Further Advance simultaneously with the making of the Further Advance;
- (e) no Programme Insolvency Event or Series Event of Default in respect of the relevant Series has occurred and is continuing as at the date the Further Advance is made;
- (f) the amount of the Further Advance (together with all other Further Advances made with respect to other Mortgage Loans and the aggregate balances of Substitute Mortgage Loans acquired by the Issuer on that day, in each case in respect of the relevant Series Portfolio) when added to the amount of any Further Advances previously made and the aggregate balances of Substitute Mortgage Loans previously purchased, (in each case in respect of the relevant Series Portfolio) does not exceed an agreed percentage of the aggregate balances of the Mortgage Loans in the relevant Series Portfolio on the Issue Date, as further described in the relevant Supplement,
- (g) the Seller is not in breach of any obligation on its part to repurchase any Mortgage Loan in accordance with the relevant Series Portfolio Purchase Agreement;
- (h) the effect of the Further Advance would not be to extend the final maturity date of the Mortgage Loan to beyond the date falling 2 years prior to the maturity date of the latest maturing Class of Notes in the related Series;
- (i) the amount of the Further Advance (together with all other Further Advances made with respect to other Mortgage Loans in the relevant Series Portfolio on that day) does not exceed an amount equal to the aggregate of the Available Capital Funds in respect of such Series at such time and the amount standing to the credit of the relevant Series Further Advances Ledger at such time;
- (j) the Further Advance will be made on substantially the same terms and conditions as the relevant Mortgage Loan;
- (k) the Seller has no reason to believe that the making of the relevant Further Advance will adversely affect the then current ratings of the Notes of the relevant Series; and
- (l) all conditions set out in the relevant Series Portfolio Purchase Agreement relating to Further Advances have been satisfied.

Available Capital Funds means in respect of a Series, on any day during a Determination Period (including on a Determination Date), an amount represented by the amount standing to the credit of the relevant Series Principal Ledger at the close of business on the preceding day, less, in the period between the last Business Day of the month immediately preceding a Determination Date and the application of Actual Redemption Funds in respect of such Series (as defined in the relevant Supplement), (a) any commitments to purchase Substitute Mortgage Loans on the immediately succeeding Distribution Date and (b) the amount of such Actual Redemption Funds calculated on the relevant Determination Date.

Additional conditions or amendments to these conditions may be specified in the relevant Series Portfolio Purchase Agreement and the relevant Supplement.

If the Seller agrees to make a Series Further Advance to a Borrower where the relevant Mortgage Loan is not a regulated mortgage contract under the FSMA, the Seller will be obliged to repurchase the relevant Mortgage Loan from the Issuer pursuant to the terms of the Series Portfolio Purchase Agreement. The Seller will sell to the Issuer the relevant Mortgage Loan consolidated with the Further Advance (a **Consolidated Mortgage Loan**) in accordance with the terms of the Series Portfolio Purchase Agreement. The relevant Consolidated Mortgage Loan will have substantially the same characteristics and terms and conditions as the relevant Mortgage Loan before it was consolidated with the Further Advance.

Where the Seller agrees to make a Further Advance to a Borrower where the relevant Mortgage Loan is a regulated mortgage contract under the FSMA, the Seller shall transfer its interest in the Further Advance to the Issuer upon purchase of the Further Advance by the Issuer. The Issuer will pay a purchase price to the Seller equal to the amount of the Further Advance the Seller made to the Borrower.

Transfer Conditions

Each Mortgage is a mortgage of, or standard security over, a residential property in England, Wales, Scotland or Northern Ireland. The Mortgage Loans must satisfy the Transfer Conditions on the relevant Transfer Date. The Transfer Conditions will include the following:

- (a) no Programme Insolvency Event or Series Event of Default in respect of any Series has occurred and is continuing as at the relevant Transfer Date;
- (b) the required Series Documents in respect of the relevant Series will be entered into in connection with the purchase of the Series Portfolio; and
- (c) the desired ratings (if any, as specified in the relevant Supplement) of the Series of Notes to be issued in connection with the purchase of the Series Portfolio have been obtained from the applicable Rating Agencies.

Representations and Warranties

In connection with the sale of each Series Completion Mortgage Pool, the Seller will on the applicable Transfer Date make certain representations and warranties set out in the Series Portfolio Purchase Agreement in respect of the relevant Series.

No searches, enquiries or independent investigations have been or will be made by the Issuer or the Security Trustee, each of whom is relying upon the representations and warranties in the Series Portfolio Purchase Agreement. The representations and warranties may be varied from time to time in connection with the sale of a particular Series Completion Mortgage Pool.

The representations may, *inter alia*, include the following representations:

- (a) each Borrower in respect of the Mortgage Loans in the Series Completion Mortgage Pool is an individual;
- (b) at least one scheduled payment under each Mortgage Loan in the Series Completion Mortgage Pool has been received, subject to the exception described above in respect of First Month Mortgage Loans;
- (c) each Mortgage Loan and its related Mortgage is valid, binding and enforceable in accordance with its terms, and is non-cancellable, in each case save by virtue of the UTCCR, and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the Seller in priority to any other charges or securities registered against the relevant Property save where the Right to Buy Insurance applies;
- (d) subject to completion of any registration or recording which may be pending at the Land Registry, the Registers of Scotland or the Northern Ireland Registries and save where the Right to Buy Insurance applies, each Mortgage constitutes a first ranking legal mortgage or first ranking standard security (as the case may be) over the relevant Property;
- (e) no lien or right of set-off or counterclaim has been created or has arisen between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Mortgage Loan save in relation to the UTCCR, and save in relation to Section 75 of the Consumer Credit Act;

- (f) save for where the Mortgage Loan is covered by a valid title insurance policy, prior to making a Mortgage Loan to a Borrower, the Seller (or, in relation to the Mortgage Loans originated by a Third Party Originator, the relevant originator) instructed, or required to be instructed on its behalf, solicitors or licensed conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions that would have been undertaken by the Seller (or, in relation to the Mortgage Loans originated by a Third Party Originator, the relevant originator) acting in accordance with its normal standard, when advancing money in an amount equal to such advance to an individual to be secured on a property of the kind generally permitted under the Lending Criteria (or in relation to Mortgage Loans originated by a Third Party Originator, the relevant originator's Lending Criteria) and a Certificate of Title was received by or on behalf of the Seller (or, in relation to the Mortgage Loans originated by a Third Party Originator and transferred to the Seller, the relevant originator) from such solicitors or licensed conveyancers which, either initially or after further investigation, revealed no material matter which would cause or would have caused the Seller (or, in relation to Mortgage Loans originated by a Third Party Originator, the relevant originator) to decline the Mortgage Loan having regard to the Lending Criteria (or in relation to Mortgage Loans originated by a Third Party Originator, the relevant originator's Lending Criteria);
- (g) prior to making a Mortgage Loan, the relevant Property was either valued by a valuer from the panel of valuers from time to time appointed by the Seller (or, in relation to the Mortgage Loans originated by a Third Party Originator, the relevant originator) or by a valuation system that provides auto-valuations or by a drive-by valuation. If valued by a valuer, that valuer complied with its obligations to the Seller or such originator, as the case may be, relating to conflicts of interest, impartiality and independence;
- (h) prior to making a Mortgage Loan, the nature and amount of such Mortgage Loan, the circumstances of the relevant Borrower and the nature of the relevant Property satisfied the Lending Criteria (described above under "*The Series Portfolios – Lending Criteria*") or, in respect of Mortgage Loans originated by Third Party Originators, such Lending Criteria as will be disclosed in the relevant Supplement as in effect on the relevant date in all material respects;
- (i) each Mortgage Loan and its related Mortgage has been made on the terms of the Seller's Standard Documentation (so far as applicable) or in respect of Mortgage Loans originated by Third Party Originators, such originator's documentation as in effect on the relevant origination date, which has not been varied in any material respect, subject to such exceptions as would be acceptable to a reasonable, prudent mortgage lender;
- (j) the Seller or, where applicable, the relevant Third Party Originator took all reasonable steps to ensure that each Property was at the date of completion of the relevant Mortgage Loan (or, where appropriate, in the case of self-build properties, at the date of completion of the relevant Property) insured (i) under a buildings policy arranged by the Borrower with the approval of the Seller (or in relation to the Mortgage Loans originated by a Third Party Originator, a block buildings policy used by the relevant originator or (ii) under a Block Buildings Policy (or in relation to the Mortgage Loans originated by a Third Party Originator, the relevant originator and such policy would provide equivalent cover), or (iii) with respect to leasehold properties, by the relevant landlord with the approval of the Seller (or in relation to the Mortgage Loans originated by a Third Party Originator, with the approval of the relevant originator), and in all cases against risks usually covered by a comprehensive buildings insurance policy and with the interest of the Seller noted thereon with effect from the origination of the relevant Mortgage Loan (or in relation to the Mortgage Loans originated by a Third Party Originator, with effect following the transfer of the Mortgage Loans to the Seller);
- (k) no Mortgage Loan was acquired by the Seller subject to any discount and no Mortgage Loan has been previously declared defaulted by the Seller unless stated otherwise in the relevant Supplement;
- (l) no Mortgage Loan has a final maturity date falling beyond the date falling 2 years prior to the maturity date of the latest maturing Class of Notes in the related Series; and
- (m) to the best of the Seller's knowledge and belief, having made all reasonable enquiries, the Right to Buy Insurance has been complied with.

In the event of a breach of any of the representations and warranties in the relevant Series Portfolio Purchase Agreement that is either not remedied or not capable of being remedied which could have a material adverse effect on a Mortgage Loan and Related Security, the Seller will be required to either:

- (a) repurchase the relevant Mortgage Loan and its Related Security; or
- (b) transfer to the Issuer a Substitute Mortgage Loan in the relevant Series Portfolio (as described below) in replacement of the relevant Mortgage Loan affected by the breach of the relevant representations and warranties.

Performance of the obligation to repurchase a Mortgage Loan and its Related Security in respect of the relevant Series Portfolio, or to transfer to the Issuer a Substitute Mortgage Loan in respect of the relevant Series Portfolio, will be in satisfaction of all the Seller's liabilities in respect of the breach of the representations and warranties relating to that Mortgage Loan and Related Security.

Substitute Mortgage Loans

If the Seller is required to repurchase a Mortgage Loan other than as a result of agreeing to make a Further Advance, the Seller will be entitled instead to transfer to the Issuer a replacement Mortgage Loan (a **Substitute Mortgage Loan**) subject to the following conditions:

- (a) the Substitute Mortgage Loan will not be a different type of Mortgage Loan to those Mortgage Loans in the relevant Series Portfolio, unless the Rating Agencies confirm that the then current ratings of the relevant Series of Notes will not be adversely affected;
- (b) the conditions set out in the relevant Series Portfolio Purchase Agreement relating to the transfer of Substitute Mortgage Loans are satisfied;
- (c) if the Substitute Mortgage Loan is secured by a Scottish Mortgage, the Issuer and Security Trustee will receive a legal opinion from Scottish counsel approved by the Security Trustee in respect of such Substitute Mortgage Loan confirming that the documents relating to such Substitute Mortgage Loan are legal, valid and binding under Scots law;
- (d) if the Substitute Mortgage Loan is secured by a Northern Irish Mortgage, the Issuer and the Security Trustee will receive a legal opinion from Northern Irish Counsel approved by the Security Trustee in respect of such Substitute Mortgage Loan confirming that the documents are legal, valid and binding in relation to such Substitute Mortgage Loan under Northern Irish Law;
- (e) no Programme Insolvency Event or Series Event of Default in respect of the relevant Series has occurred and is continuing as at the relevant Transfer Date;
- (f) the Seller is not in breach of any obligation on its part to repurchase any Mortgage Loan in accordance with the relevant Series Portfolio Purchase Agreement; and
- (g) the balance of the Substitute Mortgage Loans to be sold (together with the amount of all Further Advances made and the aggregate balances of the other Substitute Mortgage Loans acquired by the Issuer on that day in respect of the relevant Series Portfolio) when added to the amount of any Further Advances previously made and the aggregate balances of Substitute Mortgage Loans previously purchased in respect of the relevant Series Portfolio does not exceed an agreed percentage (as specified in the relevant Series Portfolio Purchase Agreement) of the aggregate balances of the Mortgage Loans in the Series Portfolio on the relevant Issue Date in respect of the relevant Series.

Transfer of title to the Mortgage Loans to the Issuer

The Seller will have legal title to, and beneficial interest in, each Mortgage Loan on the relevant Transfer Date, subject to completion of registration or recording of legal title as described herein. Some of the Mortgage Loans in a Series Portfolio may have been originated by a Third Party Originator with legal and beneficial title to such Mortgage Loans being assigned to the Seller prior to the relevant Transfer Date. The holding of legal title to Mortgages only recently transferred to or originated by the Seller will be subject to completion of registration or recording (as applicable) at the Land Registry, the Registers of Scotland or the Northern Ireland Registries, as appropriate.

English Mortgage Loans and Northern Irish Mortgage Loans will be sold by the Seller to the Issuer on the relevant Transfer Date by way of equitable assignment. Scottish Mortgage Loans will be sold by the Seller to the Issuer on the relevant Transfer Date by way of a Scottish Declaration of Trust under which the beneficial interest in such Scottish Mortgage Loans will be transferred to the Issuer. In relation to Scottish Mortgage Loans, references in this Offering Circular to a sale or assignment of Mortgage Loans or to Mortgage Loans having been sold or assigned are to be read as references to the making of such Scottish Declarations of

Trust in respect of Scottish Mortgage Loans. Such beneficial interests (as opposed to the legal title) cannot be registered or recorded in the Registers of Scotland.

As a result, legal title to the Mortgage Loans and their Related Security in the relevant Series Portfolio will remain with the Seller (subject to the completion of registration or recording in respect of the Seller's interest in the Mortgages as discussed above) until legal assignments or assignments (as appropriate) are delivered by the Seller to the Issuer and notice of the sale is given to the relevant Borrowers. Legal assignment or assignment (as appropriate) of the Mortgage Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to the Issuer will be deferred and will only take place in the limited circumstances described below.

Legal assignment or assignment (as appropriate) of the Mortgage Loans and their Related Security in a Series Portfolio will be completed in the event of any of the following:

- (a) following the occurrence of a Series Event of Default in respect of the relevant Series or a Programme Insolvency Event and a Series Enforcement Notice, a Series Acceleration Notice or a Programme Enforcement Notice, as applicable, has been served or in the case of the Programme Enforcement Notice, has been deemed to have been served, by the Security Trustee; or
- (b) it is required by law, by an order of a court of competent jurisdiction or by a mandatory requirement of any regulatory authority; or
- (c) the Series Note Trustee considers that the Security over the Series Assets in respect of that Series or any part thereof is in jeopardy.

Pending completion of the transfer, the right of the Issuer to exercise the powers of the legal owner of, or (in Scotland) the heritable creditor under, the Mortgages will be secured and supported by an irrevocable power of attorney granted by the Seller in favour of the Issuer and the Security Trustee.

The Title Deeds relating to the Mortgage Loans in each Series Portfolio will be held by or to the order of the Series Servicer (including held to the order of the Series Servicer by a Borrower's solicitor), as the case may be, or by solicitors or licensed conveyancers acting for the Seller in connection with the creation of the Mortgage Loans and their Related Security. The Series Servicer will undertake that all the Title Deeds relating to the Mortgage Loans in a Series Portfolio which are at any time in their possession or under their control or held to their order will be held to the order of the Security Trustee or as the Security Trustee may direct.

Governing law

Each Series Portfolio Purchase Agreement will be governed by English law (other than certain aspects specific to Scottish Mortgage Loans and Northern Irish Loans, which will be governed by Scots and Northern Irish law respectively) and will be executed as a deed.

Series Servicing Agreement

Unless specified otherwise in the relevant Supplement, GMAC-RFC Limited will be the Series Servicer in respect of each Series. On or about the relevant Transfer Date, the Series Servicer, the Security Trustee and the Issuer will enter into a series servicing agreement (the **Series Servicing Agreement**) pursuant to which, the Series Servicer will provide administrative services in respect of the Mortgage Loans and Mortgages in the relevant Series Portfolio to the Issuer.

Services

Each Series Servicer on behalf of and as agent for the Issuer will manage the relevant Series Portfolio on a segregated basis. Services to be provided by the Series Servicer in respect of each Series Portfolio include the following:

- (a) administering the collection of payments from Borrowers (as described below under "*Collection of Payments*") and the transfer of amounts from the GMAC-RFC Series Accounts into the appropriate Series Transaction Account in respect of the relevant Series;
- (b) monitoring arrears and taking all reasonable steps to recover all sums due to the Issuer in respect of each Mortgage Loan in a Series Portfolio, including instituting proceedings and enforcing any relevant Mortgage Loan or Mortgage (see further "*Arrears and Default Procedures*" below);
- (c) dealing with communications to and from Borrowers and determining and setting any discretionary rates and margins in relation to the Mortgage Loans in a Series Portfolio;

- (d) administering the purchasing of Further Advances;
- (e) approving conversions of Mortgage Loans as requested by Borrowers;
- (f) keeping records and accounts on a Mortgage Loan by Mortgage Loan basis in relation to each Series Portfolio;
- (g) taking all reasonable steps to ensure the safe custody of all title deeds and documents in respect of the Mortgage Loans and Mortgages in each Series Portfolio which are in its possession; and
- (h) preparing and delivering to the Issuer, the Programme Cash Manager, the relevant Series Cash Manager, the Security Trustee and the Rating Agencies (in each case if so requested) a quarterly report in respect of the Mortgage Loans comprised in the relevant Series Portfolio in the form prescribed by the relevant Series Servicing Agreement and providing the necessary information in respect of the relevant Series Portfolios and the Mortgage Loans held by the Issuer to the Series Cash Manager and the Programme Cash Manager to enable the Series Cash Manager to prepare the Series Investor Report and to the Programme Cash Manager to prepare the Programme Investor Report.

Collection of Payments

The Series Servicer is responsible for collecting payments made by Borrowers in respect of the Mortgage Loans. The majority of payments by Borrowers are made by direct debit with the remaining payments being made by cash, cheques, paying-in books, standing orders or debit cards. Although Borrowers have the option of choosing from the various methods of payments, the Seller seeks to obtain payments by direct debit. Borrowers who choose to make payments by direct debit complete a direct debit mandate, the details of which are supplied to the banks by the Automated Unpaid Direct Debit Information System (AUDDIS). Three days prior to the relevant Mortgage Payment Date, the Series Servicer sends a file to the Bankers Automated Clearing System (BACS) of all direct debit payments. The Series Servicer will receive on-line and written confirmation from BACS of the direct debits. The Series Servicer will also receive information on the rejection of direct debits with a description of the rejection. To the extent possible the Series Servicer will resubmit the direct debits two weeks after the first submission of the direct debit and a fixed fee will be debited to the Borrower's Mortgage Loan. For so long as the Mortgage Loans are serviced by HML (as described below), payments made other than by direct debit will be paid via HML, which will deposit such funds in the Collection Trust Account within one day of receipt. See further "*Sub-Contracting and Delegation*" below.

Early Repayment

Mortgage early repayment charges (**Mortgage Early Repayment Charges**) will be payable by a Borrower in the event of early repayment of all or a part of the relevant Mortgage Loan (a **Mortgage Early Repayment Amount**), voluntarily or to the extent recovered following an enforcement event at any time before the end of the mortgage term, as specified in the applicable Mortgage Conditions. Mortgage Early Repayment Charges may not be payable in certain circumstances where exceptions are made, for instance in cases of death or critical illness of a Borrower. If Series MERCs are specified as being issued in respect of a Series in the relevant Supplement, any amount received by the Issuer in respect of Mortgage Early Repayment Charges in respect of the relevant Series Portfolio will, unless otherwise specified in the relevant Supplement, be for the benefit of the MERC Holders of the relevant Series (subject to any amounts payable in respect of any loan agreement, such as a Series MER Loan, entered into by the Issuer as specified in the relevant Supplement) and will not be applied towards repayment of any amounts outstanding on the Notes, unless otherwise specified in the relevant Supplement. Unless otherwise specified in the relevant Supplement, interest will be calculated on the reduced balance of the Mortgage Loan following repayment in part from the date on which the repayment is made. Unless otherwise specified in the relevant Supplement, the Mortgage Early Repayment Charges for the Mortgage Loans in respect of any Series Portfolio will be calculated as a percentage of the Mortgage Early Repayment Amount or based on months gross interest.

There will be no Mortgage Early Repayment Charges in connection with the sale of a Mortgage Loan for the purposes of making a Further Advance.

Arrears and Default Procedures

The Series Servicer will endeavour to collect payments due under the Mortgage Loans in accordance with the arrears procedures guidelines, but having regard to the circumstances of the relevant Borrower in each

case. When a direct debit has been rejected after the second resubmission or a payment has not been received during the month for other methods of payments, the Series Servicer will follow the arrears procedures guidelines to collect the payment due under the Mortgage Loan. The procedures include telephone calls to the Borrower to assess the circumstances of the Borrower in arrears in order to find a solution to any financial difficulties, letters requesting payment and visits by a field counsellor to the premises of the Borrower. When the Borrower has missed a second payment, the procedures will usually include taking legal action for possession of the relevant Property and the subsequent sale of that Property. The time involved (assuming the instigation of legal proceedings) from the point when a second payment is missed by the Borrower to the Series Servicer taking possession of the Property may be approximately 9 to 12 months; however, there can be significant variations in the time taken to sell repossessed Properties. Broadly, the net proceeds of sale of the Property after payment of the costs and expenses of the sale would be applied against the sums owing from the Borrower to the extent necessary to discharge the Mortgage Loan. The Series Servicer will attempt to recover any shortfall from the Borrower to the extent that in its reasonable judgment it is cost-effective to do so. The Series Servicer will be forced to take such action in a minority of cases and, in such cases, the relevant Series Servicing Agreement provides for expenses to be paid to the relevant Series Servicer in the event of recovery.

The courts in England and Wales have discretion as to whether, on application by a lender, they will order the borrower to vacate the property pursuant to a possession order after a default. A lender will usually apply for such an order so that it can sell the property with vacant possession. Until December 2001, on application being made by the lender to the Scottish courts for the relevant enforcement remedies, they were bound (except in very limited circumstances) to grant the enforcement remedies sought. This position has been altered by the Mortgage Rights (Scotland) Act 2001, which was brought into force on 3 December 2001. The principal effect of this Act is to confer on the Scottish courts discretion, on the application of the Borrower (or the Borrower's spouse or partner) within certain time limits, to suspend the exercise of the lender's enforcement remedies for such period and to such extent as the court considers reasonable in the circumstances, having regard amongst other factors to the nature of the default, the applicant's ability to remedy it and the availability of alternative accommodation.

Sub-Contracting and Delegation

Any Series Servicer will be permitted in specified circumstances or with the consent of the Issuer and the Security Trustee to sub-contract or delegate its obligations under the relevant Series Servicing Agreement subject to the applicable Rating Agencies confirming that the proposed arrangement does not adversely affect the then current ratings of the Notes of any Series.

Unless specified otherwise in the relevant Supplement, each Series Servicer has entered or will enter into an agreement with HML whereby HML provides mortgage settlement and related administration services for the Series Servicer's post-completion activities, including in relation to the Mortgage Loans. These services include collection of payments from Borrowers, storage of title deeds, redemption of Mortgage Loans in accordance with the Mortgage Terms, facilitating Further Advances in respect of the Mortgage Loans and release of retentions, financial control and reporting services, as well as general customer services in respect of the Borrowers, in each case in accordance with the relevant Series Servicing Agreement and the Series Servicer's other policies and procedures. Under the agreement with HML, cash and cheques received by HML from Borrowers are required to be transferred to the Collection Trust Account on the following business day. Direct debit payments continue to be made to the GMAC-RFC Series Accounts. HML is also responsible for arrears management but has only limited discretion in that regard and will act under the direct supervision of the relevant Series Servicer, subject to a detailed collections policy.

The sub-contracting agreements with HML relate solely to post-completion services. The Seller continues to manage its new business, including underwriting and application processing up to and including completion, from its Head Office in Bracknell, Berkshire, through High Street Home Loans in Newcastle and remotely through the Remote Processors and (prior to 31 October 2004) CL Originators.

Unless specified otherwise in the relevant Supplement, the Issuer and the Security Trustee will consent to the sub-contracting arrangements with HML pursuant to each Series Servicing Agreement. Notwithstanding the sub-contracting to HML or any other sub-contracting or delegation of the performance of any of its obligations under any Series Servicing Agreement, each Series Servicer will remain primarily responsible for its obligations under the relevant Series Servicing Agreement. The sub-contracting arrangements with HML may be terminated in certain circumstances.

Termination of the appointment of the Series Servicer

The appointment of a Series Servicer in respect of a Series under the Programme may be terminated by the Issuer (with the consent of the Security Trustee acting in accordance with the Intercreditor Deed) or the Security Trustee acting as aforesaid if among other things, any of the following events occur:

- (a) an Insolvency Event occurs in relation to the relevant Series Servicer; or
- (b) a Programme Enforcement Notice is deemed to have been given and the relevant Series Note Trustee is of the opinion that the continuation of the appointment of the relevant Series Servicer is materially prejudicial to the interests of the Noteholders and/or the Series MERC Holders and/or the Series Residual Holders of the relevant Series under the Programme.

The appointment of the Series Servicer in respect of a Series will be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee on the occurrence of certain events of default, including non-performance of its obligations under the relevant Series Servicing Agreement.

The Series Servicer may terminate its appointment in respect of a Series upon six months' prior notice to the Issuer, the Security Trustee and the applicable Series Note Trustee, subject to certain conditions being met, including the prior consent of the Security Trustee and subject to the appointment of a replacement Series servicer.

Any replacement Series servicers must have experience of administering mortgages of residential property in England, Wales, Scotland and Northern Ireland and must enter into an agreement on substantially the same terms as the Series Servicing Agreement in respect of the relevant Series. It is a condition to the appointment of a replacement Series servicer that the Security Trustee and the Rating Agencies consent to the appointment and that the Rating Agencies confirm that the then current ratings of the Notes will not be adversely affected by such appointment.

If the appointment of GMAC-RFC Limited as Series Servicer is terminated, the Series Standby Servicer will assume the servicing functions in accordance with the terms of the relevant Series Standby Servicing Agreement.

Series Servicer Fees

Each Series Servicing Agreement will make provision for fees to be paid to the relevant Series Servicer for services provided in respect of each Series Portfolio as well as for the reimbursement of certain costs and expenses incurred in connection therewith. Series Servicer fees in respect of a Series Portfolio will be paid in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

The Series Servicer will be entitled to receive from the Issuer for its own account any commissions from insurers out of premiums paid by Borrowers to the Issuer as a result of the Series Servicer having placed buildings insurance in relation to the Mortgage Loans with such insurers and certain other charges collected from Borrowers.

Services not exclusive

The Series Servicer may provide services to other parties and may service mortgage loans other than the Mortgage Loans sold to the Issuer.

Governing law

The Series Servicing Agreement will be governed by English law and will be executed as a deed.

Series Standby Servicing Agreement

Unless otherwise specified in the relevant Supplement, HML (or another party as specified in the relevant Supplement) will be appointed as Series Standby Servicer in respect of each Series Portfolio.

Pursuant to the terms of a series standby servicing agreement to be dated on or about the relevant Transfer Date and made between the series standby servicer (the **Series Standby Servicer**), the relevant Series Servicer, the Issuer and the Security Trustee (the **Series Standby Servicing Agreement**), the Series Standby Servicer will agree to assume the servicing functions in respect of the relevant Series Portfolio if the appointment of the Series Servicer is terminated.

The Series Standby Servicing Agreement will be governed by English law and will be executed as a deed.

Programme Bank Account Agreement

Pursuant to the terms of a programme bank account agreement (the **Programme Bank Account Agreement**) dated on or about the Programme Date (as amended from time to time) among the Issuer, Barclays Bank PLC as Programme account bank (the **Programme Account Bank**) and the Security Trustee, the Issuer will open with the Programme Account Bank one or more bank accounts in the name of the Issuer for the purposes of the Programme (together, the **Programme Account**).

The Programme Account will be operated in accordance with the Programme Bank Account Agreement, the Programme Cash Management Agreement, the Security Deed and the Intercreditor Deed.

Amounts standing to the credit of the Programme Account may only be withdrawn in accordance with the Programme Priority of Payments and the terms of the Programme Cash Management Agreement. See "*Credit Structure – Programme Priority of Payments*" below.

The Programme Account Bank will provide the Issuer, the Programme Cash Manager and the Security Trustee (if it so requests) with account statements in respect of each Programme Account.

If the Programme Account Bank ceases to be an Authorised Institution, either the Programme Account will be closed and all amounts standing to the credit thereof will be transferred to an Authorised Institution or if it ceases to be an Authorised Institution solely by virtue of not having the appropriate ratings, the Programme Account Bank may obtain a guarantee of its obligations under the Programme Bank Account Agreement from a financial institution that is an Authorised Institution.

The Programme Bank Account Agreement will be governed by English law.

Series Bank Account Agreements

Unless otherwise specified in the relevant Supplement, the Series Account Bank in respect of each Series will be Barclays Bank PLC.

In respect of each Series, the Issuer will pursuant to the terms of a Series Bank Account Agreement entered into on or about the relevant Issue Date open with the Series Account Bank a bank account in the name of the Issuer for the relevant Series (each a **Series Transaction Account**). Unless otherwise specified in the relevant Supplement, the Issuer will also open a Series GIC account in relation to each Series (each a **Series GIC Account** and together with the Series Transaction Account and such other accounts opened pursuant to the terms of the relevant Series Bank Account Agreement, the **Series Accounts**).

Each of the Series Accounts will be operated in accordance with the relevant Series Bank Account Agreement, the relevant Series Cash Management Agreement, the Intercreditor Deed (and the relevant Series Intercreditor Deed Supplement) and the Security Deed.

Each Series Account Bank will maintain and the relevant Series Cash Manager will on behalf of the Issuer operate each Series Account on a segregated basis. Only amounts received in respect of a particular Series and the related Series Assets will be deposited in the relevant Series Accounts. Amounts standing to the credit of the Series Accounts of a particular Series may only be withdrawn in accordance with the Series Priorities of Payments set out in the relevant Supplement.

The relevant Series Account Bank will provide the Issuer, the relevant Series Cash Manager and the Security Trustee (if it so requests) with account statements in respect of the relevant Series Accounts upon request.

If a Series Account Bank ceases to be an Authorised Institution, then either the Series Accounts will be closed and all amounts standing to the credit thereof will be transferred to segregated accounts held with an Authorised Institution or if it ceases to be an Authorised Institution solely by virtue of not having the appropriate ratings, the Series Account Bank may obtain a guarantee of its obligations under the relevant Series Bank Account Agreement from a financial institution that is an Authorised Institution in respect of the relevant Series Accounts.

GMAC-RFC Series Accounts/Collection Trust Account

Borrowers will make all payments under the Mortgage Loans in respect of any Series Portfolio into accounts in the name of GMAC-RFC Limited held with Barclays Bank PLC as collection account bank (the **Collection Account Bank**). In respect of each Series, a segregated account will be opened in the name of GMAC-RFC Limited (each a **GMAC-RFC Series Account**) with the Collection Account Bank pursuant to the terms of the relevant Series Bank Account Agreement for receipt of amounts in respect of the Mortgage Loans in the relevant Series Portfolio that are received by direct debit. Such amounts will be swept on a daily basis from such GMAC-RFC Series Account into the relevant Series Transaction Account in respect of the applicable Series. Amounts which represent receipts in respect of the Mortgage Loans that are received other than by direct debit will be deposited in the Collection Trust Account (as described below) which is a GMAC-RFC Limited account held with the Collection Account Bank (the **Collection Trust Account**) and such non-direct debit amounts will be transferred into the relevant Series Transaction Accounts on the business day following the day on which they were actioned. The Collection Trust Account will also hold payments under mortgage loans other than those sold to the Issuer. GMAC-RFC Limited will agree to hold all payments from Borrowers in respect of the Mortgage Loans sold to the Issuer and received in the GMAC-RFC Series Accounts and the Collection Trust Account on trust for the Issuer pursuant to a declaration of trust dated 28 March 2001 given by GMAC-RFC Limited (the **Declaration of Trust**) and acceded to by the Issuer and separate trusts for each Series will be created in respect of the Issuer's rights under the Declaration of Trust. The Issuer's rights under the Declaration of Trust (and each of the separate trusts) will be comprised in the Security granted by the Issuer under the Security Deed.

If the Collection Account Bank ceases to be an Authorised Institution, then either the GMAC-RFC Series Accounts and the Collection Trust Account will be closed and all amounts standing to the credit thereof will be transferred to segregated accounts held with an Authorised Institution or if it ceases to be an Authorised Institution solely by virtue of not having the appropriate ratings, the Collection Account Bank may obtain a guarantee of its obligations under the relevant Series Bank Account Agreement from a financial institution that is an Authorised Institution in respect of the relevant accounts.

Each Series Bank Account Agreement will be governed by English law.

Programme Cash Management Agreement

Pursuant to the terms of a cash management agreement (the **Programme Cash Management Agreement**) dated on or about the Programme Date (as amended from time to time) among GMAC-RFC Limited as the Programme cash manager (the **Programme Cash Manager**), the Issuer, the Programme Account Bank and the Security Trustee, the Programme Cash Manager will provide certain cash management services to the Issuer in respect of the Programme.

Programme Services

The Programme Cash Manager's services in respect of the Programme include but are not limited to:

- (a) maintaining the Programme Ledgers as discussed below under "*Programme Cash Management Agreement – Programme Ledgers*";
- (b) administering the Programme Priority of Payments including calculating amounts payable by the Issuer thereunder (see "*Credit Structure – Programme Priority of Payments*" below);
- (c) calculating the Series Pro Rata Amounts (as defined below) in respect of Programme liabilities and as necessary assisting the Series Cash Managers in determining Series Referable Amounts; and
- (d) preparing and delivering to the Issuer, the Security Trustee and the Rating Agencies quarterly reports in respect of the administration of the Programme Account and the cash management services related thereto.

Series Pro Rata Amount means in relation to a Series on any date an amount equal to the liability which is referable to all Series of Notes multiplied by the result of (a) the principal amount outstanding of the Notes of the relevant Series, (b) divided by the principal amount outstanding of all Notes of each Series (other than a Series in respect of which on the immediately preceding date on which a Series Permitted Withdrawal was required to be paid or on the immediately preceding Distribution Date in respect of that Series, there was a failure to pay, in respect of Programme liabilities of the issuer, Series Pro Rata Amounts or Series Referable Amounts payable by that Series) on such date. If on any date when a Series Pro Rata Amount is to be paid by each relevant Series, there is a shortfall in amounts paid in respect of a particular Series, the shortfall will be a Series Pro Rata Amount shared among all of the Series other than the Series in respect of which the shortfall occurred.

Series Referable Amount means in relation to a Series on any date an amount allocated to that Series by the Series Cash Manager in accordance with the relevant Series Cash Management Agreement (and where deemed necessary by the Series Cash Manager in consultation with the Programme Cash Manager) in respect of liabilities which are referable to and were incurred in relation to that Series only in the relevant period.

Programme Ledgers

The Programme Cash Manager will in respect of the Programme create and maintain the following ledgers (the **Programme Ledgers**) on behalf of the Issuer:

- (a) a Programme ledger (the **Programme Ledger**) in respect of amounts received from each Series and subsequently applied under the Programme Priority of Payments;
- (b) a ledger in respect of tax amounts provided for under each Series Priorities of Payments in respect of the tax liabilities of Securities Holdings and deposited in the Programme Account (the **Programme Tax Ledger**);
- (c) a ledger in respect of the minimum profit of Securities Holdings provided for under the Series Priorities of Payments and deposited in the Programme Account (the **Securities Holdings Profit Ledger**); and
- (d) any other ledgers required to be maintained by the Programme Cash Manager from time to time pursuant to the Programme Cash Management Agreement.

Programme Financial Servicer

Pursuant to the terms of the Programme Cash Management Agreement, GMAC-RFC Limited in its capacity as programme financial servicer (the **Programme Financial Servicer**) will from time to time identify Mortgage Loans for purchase by the Issuer.

Termination

The Issuer and the Security Trustee will each have the right to terminate the appointment of the Programme Cash Manager and to appoint a substitute pursuant to the terms of the Programme Cash Management Agreement. Any substitute programme cash manager will have substantially the same rights and obligations as the Programme Cash Manager (although the fee payable to the substitute programme cash manager may be higher).

Governing Law

The Programme Cash Management Agreement will be governed by English law.

Series Cash Management Agreements

Unless otherwise specified in the relevant Supplement, the Series Cash Manager in respect of each Series will be GMAC-RFC Limited.

Pursuant to the terms of a Series cash management agreement (each a **Series Cash Management Agreement**) in respect of each Series dated on or about the relevant Issue Date entered into by the Issuer, the Series Cash Manager, the relevant Series Account Bank and the Security Trustee, the Series Cash Manager will provide certain cash management services to the Issuer in respect of the relevant Series.

Series Services

The Series Cash Manager's services in respect of each Series include but are not limited to:

- (a) maintaining a separate set of ledgers (as discussed below under "*Series Cash Management Agreement – Series Ledgers*") for each Series in respect of receipts from the applicable Series Assets and the administration of the applicable Series Priorities of Payments as specified in the relevant Supplement such that there is at all times an identifiable segregation of funds of each Series;
- (b) calculating amounts payable by and payable to the Issuer in respect of a Series under the Transaction Documents, including amounts payable under any Series Hedge Agreement, Series Credit Support Agreement or Series Subordinated Facility Agreement;

- (c) in respect of a Series, calculating Available Revenue Funds and Actual Redemption Funds as at each Determination Date;
- (d) determining the Series Referable Amounts in respect of such Series (in consultation with the Programme Cash Manager where deemed necessary by the Series Cash Manager);
- (e) administering the Series Priorities of Payments as set out in the relevant Supplement, including calculating amounts payable by the Issuer thereunder; and
- (f) performing such other services as specified in the relevant Series Cash Management Agreement and as may be described in the relevant Supplement.

Series Investor Report

Each Series Cash Manager will prepare a quarterly investor report (each a **Series Investor Report**) containing information on receipts from Series Assets as well as the administration of the Series Accounts and the Series Priorities of Payments in respect of each Series. The Series Investor Report in respect of a Series will also contain certain information regarding the performance of the Series Portfolio related to that Series. The Series Investor Report will be made available to Noteholders in respect of each Series on www.rmacinvestors.com. Each Series Cash Manager will deliver each Series Investor Report to the Issuer, the Security Trustee, the Series Note Trustee and the Rating Agencies.

Series Ledgers

The Series Cash Manager will in respect of each Series create and maintain on a segregated basis the following ledgers among others (the **Series Ledgers**) on behalf of the Issuer:

- (a) a Series principal ledger (the **Series Principal Ledger**) in respect of Actual Redemption Funds (as defined in the relevant Supplement);
- (b) a Series Principal Deficiency Ledger in respect of each Series as described below;
- (c) a Series revenue ledger (the **Series Revenue Ledger**) in respect of Available Revenue Funds (as defined in the relevant Supplement);
- (d) a Series Mortgage Early Repayment Charges ledger (the **Series Mortgage Early Repayment Charges Ledger**) in respect of Mortgage Early Repayment Charges received in connection with Mortgage Loans in the related Series Portfolio;
- (e) a Series ledger in respect of tax amounts provided for under the relevant Series Priorities of Payments in respect of the tax liabilities of Securities Holdings (the **Series Tax Ledger**);
- (f) if a Series Reserve Fund is specified in the relevant Supplement, a Series ledger in respect of all amounts credited to the relevant Series Reserve Fund (the **Series Reserve Ledger**);
- (g) if a Series Discount Reserve is specified in the relevant Supplement, a Series ledger in respect of the Series Discount Reserve (the **Series Discount Reserve Ledger**);
- (h) if a Series Liquidity Facility Agreement is specified in the relevant Supplement, a Series ledger in respect of the Series Liquidity Facility (the **Series Liquidity Facility Ledger**);
- (i) if Pre-Funded Mortgage Loans are specified in the relevant Supplement, a ledger in respect of Pre-Funded Mortgage Loans (the **Series Pre-Funded Mortgage Loans Ledger**) in respect of amounts received on a Series Issue Date and deposited in the relevant Series Transaction Account for the purpose of future purchase(s) of Series Pre-Funded Mortgage Loans;
- (j) if collateral is provided by a Series Hedge Provider in accordance with the terms of the relevant Series Hedge Agreement, a ledger in respect of such collateral (the **Series Hedge Collateral Ledger**);
- (k) a Series ledger in respect of Committed Further Advances (as defined in the relevant Supplement) (the **Series Further Advances Ledger**); and
- (l) as specified in the applicable Supplement, any other ledgers required to be maintained by the Series Cash Manager on behalf of the Issuer.

The above ledgers will be used to monitor the receipt and subsequent utilisation of cash available to the Issuer from time to time and will be credited and debited in the manner described in the Series Priorities of Payment set out in the relevant Supplement.

Series Principal Deficiency Ledger

A principal deficiency ledger in respect of each Series (a **Series Principal Deficiency Ledger**) comprising sub-ledgers as specified in the relevant Supplement (collectively the **Series Principal Deficiency Sub-Ledgers**), will be established in order to record any principal deficiencies as they occur. A Series Principal Deficiency will be recorded on the relevant Series Principal Deficiency Sub-Ledger in respect of any amount of principal which remains outstanding under any Mortgage Loan after completion by the relevant Series Servicer of the arrears and default procedures (as more particularly described in the section "*Transaction Documents – Arrears and Default Procedures*"). Amounts allocated to each Series Principal Deficiency Sub-Ledger shall be reduced to the extent of relevant Series Available Revenue Funds available therefor on any Distribution Date in respect of the relevant Series in accordance with the applicable Series Priorities of Payments.

Termination

In certain circumstances specified in the relevant Series Cash Management Agreement, the Security Trustee and the Issuer will have the right to terminate the appointment of the Series Cash Manager and to appoint a substitute Series cash manager (the identity of which will be subject to the Security Trustee's written approval). Any substitute Series cash manager will have substantially the same rights and obligations as the Series Cash Manager (although the fee payable to the substitute cash manager may be higher).

Governing Law

The Series Cash Management Agreement will be governed by English law.

Issuer Declaration of Trust

Pursuant to a declaration of trust (the **Issuer Declaration of Trust**) dated on or about the Programme Date in favour of Securities Holdings, the Issuer will declare a trust over its assets (which at such date will consist of a nominal amount of cash). Pursuant to the Issuer Declaration of Trust, the Issuer will be authorised (a) to acquire Series Portfolios, (b) to incur Secured Liabilities (including the issuance of Notes) and to satisfy such Secured Liabilities out of trust assets (which will include amounts received on each Series Portfolio) ahead of payments to Securities Holdings and (c) to grant security over the trust assets (which will include the Series Portfolios and the Issuer's rights under the Transaction Documents) under the Security Deed. In respect of each Series, a separate trust, supplemental to the trust created under the Issuer Declaration of Trust on or about the Programme Date, will be created for purposes of segregation of the relevant Series Assets on or about the relevant Transfer Date.

Security Deed

Pursuant to the terms of a security deed (the **Security Deed**) dated on or about the Programme Date between the Issuer, Securities Holdings and the Security Trustee, the obligations of the Issuer under the Transaction Documents are secured, *inter alia*, by the following security (the **Security**) over the following property, assets and rights (the **Charged Assets**) in favour of the Security Trustee on behalf of all of the Issuer's secured creditors (comprising the Security Trustee, the Noteholders of each Series, the other Series Secured Creditors of each Series and the Programme Secured Creditors (collectively, the **Secured Creditors**)):

- (a) a first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the English Mortgage Loans and the Northern Irish Mortgage Loans and their Related Security and other related rights comprised in the relevant Series Portfolio;
- (b) an assignation in security of the Issuer's interest in the Scottish Mortgage Loans and their Related Security (comprising the Issuer's beneficial interest under the trusts declared by the Seller pursuant to the relevant Scottish Declarations of Trust);
- (c) an equitable assignment of the Issuer's present and future interests in and to the Insurance Contracts;
- (d) a first fixed charge over the Issuer's present and future investments from time to time held by or on behalf of the Issuer;
- (e) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in the Programme Account, the Series Accounts and any other account of the Issuer and all amounts standing to the credit of the Programme Account, the Series Accounts and such other accounts;

- (f) an assignment by way of first fixed security over all of the Issuer's interests, rights and entitlements under and in respect of any Transaction Document (other than the Security Deed) to which it is a party;
- (g) a first floating charge over (i) all the assets and undertaking of the Issuer governed by English law or Northern Irish law and not, from time to time, subject to any fixed charge in favour of the Security Trustee pursuant to the Security Deed and (ii) all the assets and undertaking of the Issuer located in or governed by the law of Scotland (whether or not subject to any fixed or floating charge in favour of the Security Trustee as aforesaid).

In respect of the property, rights and assets referred to in paragraph (b) above, fixed security and a further floating charge will be created over such property, rights and assets sold to the Issuer after the Programme Date by means of Scottish Supplemental Charges pursuant to the Security Deed.

The Security created by Securities Holdings pursuant to the Security Deed will consist of:

- (a) an assignment of Securities Holdings' rights and interest under the Transaction Documents to which it is a party; and
- (b) a first floating charge over (i) the undertaking and all the assets of Securities Holdings governed by English law or Northern Irish law and not otherwise charged by way of fixed charge under the Security Deed and (ii) the undertaking and all the assets of Securities Holdings located in or governed by the law of Scotland.

Other than the security described above, Securities Holdings has no liability in respect of any of the Secured Liabilities and the Secured Creditors will not be creditors of Securities Holdings in respect of the Secured Liabilities.

In relation to any issue of a Series of Notes, the Issuer may pursuant to a Security Deed Supplement create security that is supplemental to and forms part of the Security created under the Security Deed (such security, **Series Additional Security**). **Series Additional Security** (in the form of Scottish Supplemental Charges) will always be required in relation to any Scottish Mortgage Loans comprised in a Series Portfolio acquired by the Issuer after the date of the Security Deed.

Release of Security

In the event of the repurchase of a Mortgage Loan and its Related Security by the Seller pursuant to and in accordance with the Transaction Documents in respect of any Series, the Security Trustee will release that Mortgage Loan and its Related Security from the Security created by and pursuant to the Security Deed and/or applicable Security Deed Supplement (if any) on the date of the repurchase.

Enforcement

In the event of enforcement following a Series Event of Default (as defined in **Condition 12 (Series Events of Default)**), the enforcement process and the application of enforcement proceeds will be subject to the terms of the Intercreditor Deed discussed below under "*Intercreditor Deed*". The rights of the Secured Creditors with respect to the Security and the Series Assets relating to each Series are subject to the Series Security Trust arrangements set out in the Intercreditor Deed, as described below.

Upon the occurrence of a Series Event of Default in respect of a Series, the relevant Series Note Trustee may direct the Security Trustee to deliver an enforcement notice (each a **Series Enforcement Notice**) to the Issuer in respect of that Series in which case the Security over the Series Assets relating to that Series will become enforceable by the Security Trustee and/or the Series Note Trustee may give an acceleration notice (each a **Series Acceleration Notice**) to the Issuer in respect of that Series in which case the Security over the Series Assets relating to that Series will become enforceable by the Security Trustee and the Notes in respect of that Series will become immediately due and repayable.

A Programme Insolvency Event will constitute a Series Event of Default in respect of each Series. Upon the occurrence of a Programme Insolvency Event (as defined in **Condition 12 (Series Event of Default)**), the Series Note Trustee of each Series may direct the Security Trustee to deliver to the Issuer a Series Enforcement Notice and/or itself deliver a Series Acceleration Notice in respect of the relevant Series with the same consequences as described in the preceding paragraph.

After a Series Enforcement Notice or Series Acceleration Notice in respect of each Series outstanding has been delivered to the Issuer, a Programme Enforcement Notice will be deemed to have been delivered to the Issuer and the Security over the Programme Assets will be enforceable by the Security Trustee.

The Intercreditor Deed will provide that, subject as provided below, the Security Trustee shall enforce the Security over the Series Assets relating to all Series and over the Programme Assets by appointing an administrative receiver in respect of the Issuer, if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

The Security Trustee shall not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own negligence, wilful default or fraud and, for the avoidance of doubt, the Security Trustee shall have no obligation to indemnify any administrative receiver appointed by it, except to the extent of (and from) the cash and assets comprising the Security held by the Security Trustee at such time.

The Security Deed will provide that, in the event that the Security Trustee appoints an administrative receiver in respect of the Issuer under the Security Deed by reason of it having actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, the Issuer shall waive any claims against the Security Trustee in respect of the action of the appointment of the administrative receiver.

Governing Law

The Security Deed will be governed by English law (other than any aspects of the Security Deed relating to Northern Irish Mortgage Loans and their Related Security which will be governed by Northern Irish law and other than the assignation in security referred to in paragraph (b) above and any Scottish Supplemental Charge granted after the Programme Date pursuant and supplemental to the Security Deed which will be governed by Scots law).

Intercreditor Deed

Pursuant to the terms of the intercreditor deed (the **Intercreditor Deed**) dated on or about the Programme Date among the Security Trustee and the Programme Secured Creditors on the Programme Date and each of the Series Secured Creditors (other than Series Instrumentholders) pursuant to a supplemental deed to the Intercreditor Deed (each a **Series Intercreditor Deed Supplement**) in respect of each Series, the assets relating to each Series will be identified in the relevant Series Intercreditor Deed Supplement (in respect of each Series, the **Series Assets**) and such Series Assets will be subject to the Security created by the Security Deed. The Series Assets will include the relevant Series Portfolio, the interest of the Issuer in the relevant Series Accounts, the rights of the Issuer under the Transaction Documents to the extent applicable to the relevant Series and any assets subject to any Series Additional Security in respect of that Series. The Security over the Series Assets of each Series is subject to a security trust on behalf of the Series Noteholders and other Series Secured Creditors in respect of that particular Series, as described below under "*Intercreditor Deed – Series Security Trust*". Assets not allocated to any Series will comprise the Programme assets (the **Programme Assets**).

Series Secured Creditors (other than Instrumentholders) in respect of each Series will accede to and agree to be bound by the terms of the Intercreditor Deed pursuant to the terms of the applicable Series Intercreditor Deed Supplement. The assignment of any rights under any of the Transaction Documents (including the Programme Documents and the Transaction Documents in respect of any Series) will be subject to the assignee agreeing to the restrictions of the Intercreditor Deed described below.

Priorities of Payments

The Intercreditor Deed will provide that amounts received in respect of the Series Assets relating to any Series will be applied in accordance with the applicable Series Priorities of Payments set out in the relevant Supplement and in the relevant Intercreditor Deed Supplement. Amounts received in respect of the Programme Assets will be applied in accordance with the Programme Priority of Payments set out below under "*Credit Structure – Programme Priority of Payments*".

Series Security Trust

Pursuant to the Intercreditor Deed, the Security created by the Security Deed over the Series Assets of each Series is subject to a security trust on a Series by Series basis (in respect of each Series, a **Series Security**

Trust). Thus, upon a Series Event of Default in respect of a Series, the Security over the Series Assets relating to that Series, if enforced, will be enforced separately.

In the event of enforcement of Security following a Series Event of Default, enforcement proceeds in respect of the applicable Series Assets will be applied towards the satisfaction of amounts due to the related Series Secured Creditors, including the Series Noteholders, the Series MERC Holders and the Series Residual Holders (if any) of that Series.

Following enforcement of the Security over the Series Assets relating to any Series of Notes, amounts received in respect of those Series Assets will:

- (a) if a Series Acceleration Notice has not been delivered to the Issuer in respect of that Series, be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments and the Series Pre-Acceleration Principal Priority of Payments set out in the relevant Supplement; and
- (b) if a Series Acceleration Notice has been given to the Issuer in respect of that Series, be applied in accordance with the Series Post-Acceleration Priority of Payments set out in the relevant Supplement.

There is no cross-default between Series and the occurrence of a Series Event of Default in respect of one Series does not of itself constitute a Series Event of Default under any other Series. However, a Programme Insolvency Event will constitute a Series Event of Default in respect of each Series and a Programme Enforcement Notice will be deemed to have been served in the event that a Series Enforcement Notice and/or Series Acceleration Notice has been given in respect of each Series of Notes following a Series Event of Default in respect of each Series of Notes.

Agreement of the Secured Creditors

Under the Intercreditor Deed, each Secured Creditor will agree to the following terms:

- (a) Only the Series Note Trustee or the Security Trustee may take action against the Issuer or Securities Holdings and their respective assets to enforce the rights of the Noteholders and the other Secured Creditors against the Issuer or Securities Holdings.
- (b) Other than in the case of the Series Note Trustee or the Security Trustee, it will not take any steps or proceedings against the Issuer or Securities Holdings or their respective assets for the purpose of recovering any of the Series Secured Liabilities and/or the Programme Secured Liabilities (including by exercising any rights of set-off or serving a written demand as provided in section 123(1)(a) of the Insolvency Act 1986). It will not take any steps or proceedings to procure the winding up, administration or any similar proceeding in respect of the Issuer or Securities Holdings.
- (c) In respect of a Series, none of the Series Secured Creditors have or will have any claim against the Series Assets of any other Series.
- (d) None of the Programme Secured Creditors, in its capacity as such, have or will have any claim against any Series Assets.
- (e) To the extent that there are amounts still owed to a Series Secured Creditor after the Security Trustee has given a notice to the Series Secured Creditors in respect of the relevant Series that the Security over the Series Assets relating to such Series has been enforced and as fully as practicable realised and the proceeds thereof have been applied in accordance with the applicable Series Priorities of Payments or that there are no remaining Series Assets relating to such Series that are capable of realisation:
 - (i) neither the Security Trustee, nor any Noteholder or other Series Secured Creditor in relation to that Series may take any further steps against the Issuer or Securities Holdings or any of their respective assets to recover any sum still unpaid in respect of the Notes of such Series or other Series Secured Liabilities in respect of such Series including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the relevant Series Priorities of Payments (save for the Series Note Trustee or the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer);
 - (ii) each Series Secured Creditor in relation to that Series in respect of which any amount remains outstanding from the end of the business day following the date of such notice will cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall; and

- (iii) all remaining or future Series Assets (if any) in relation to that Series will from the end of the business day following the date of such notice by the Security Trustee cease to be Series Assets and will be automatically converted to Programme Assets.
- (f) When all of the Series Secured Liabilities in respect of a Series have been discharged in full, any Series Assets relating to such Series shall thereafter be deemed to be Programme Assets.
- (g) To the extent that amounts are still owed to a Programme Secured Creditor after the Security Trustee has given notice to the Programme Secured Creditors that the Security over the Programme Assets has been enforced and as fully as practicable realised and the proceeds thereof have been applied in accordance with the Programme Priority of Payments or that there are no remaining Programme Assets that are capable of realisation, neither the Security Trustee nor any Programme Secured Creditor may take any further steps or proceedings against the Issuer or Securities Holdings or any of their assets to recover any sum still unpaid in respect of the Programme Secured Liabilities including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the Programme Priority of Payments (save for the Security Trustee taking proceedings to obtain a declaration or judgement as to the obligations of the Issuer and save for the right of the relevant Series Note Trustee to claim the full amount due to the Noteholders of the relevant Series as Programme Secured Creditors. in any proceedings to wind up the Issuer).
- (h) Promptly upon receipt of confirmation from the Receiver or the Security Trustee being otherwise satisfied that all of the Security over the Series Assets relating to any Series has been enforced and as fully as practicable realised or that there are no remaining Series Assets relating to any Series that are capable of realisation, the Security Trustee will notify the Issuer and the Series Secured Creditors in relation to such Series and the Programme Cash Manager.
- (i) If any amount is received by any Secured Creditor (including by way of set-off) in respect of any Series Secured Liability and/or Programme Secured Liability owed to it other than in accordance with the provisions of the Intercreditor Deed and the Security Deed, that amount shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that all such amounts can be applied in accordance with the relevant provisions of Intercreditor Deed or, as the case may be, the Security Deed.
- (j) It shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, permit the Issuer to pay, prepay, repay, redeem, purchase, or otherwise acquire any of the Secured Liabilities owed by the Issuer (including any obligation under any Series Hedge Agreement in respect of any Series), except to the extent, at the times and in the manner permitted by the Transaction Documents applicable to the relevant Series (including pursuant to the provisions regulating the termination of any Series Hedge Agreement in respect of any Series).
- (k) It shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, take, accept or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against financial loss from the Issuer in respect of any of the Secured Liabilities owed to it except as expressly permitted pursuant to the Security Deed and/or the Intercreditor Deed.
- (l) It shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, do anything inconsistent with the Security or the terms of the Security Deed and/or the Intercreditor Deed.

Governing Law

The Intercreditor Deed is and each Intercreditor Deed Supplement will be governed by English law.

Series Remarketing Agreement and Series Conditional Purchase Agreement

If specified in the relevant Supplement in relation to a particular Series, the Issuer will enter into both a remarketing agreement in respect of the Series (each a **Series Remarketing Agreement**) and a conditional purchase agreement in respect of the Series (each a **Series Conditional Purchase Agreement**), with a remarketing agent in respect of the Series (each a **Series Remarketing Agent**), a conditional purchaser in respect of the Series (each a **Series Conditional Purchaser**), the Note Trustee and the relevant Series Cash

Manager, pursuant to which the relevant Series Remarketing Agent will agree to remarket the relevant Class or Classes of Notes in such Series in accordance with the terms of the relevant Series Remarketing Agreement, and the Series Conditional Purchaser will agree to conditionally purchase the relevant Class or Classes of Notes in such Series in accordance with the terms of the relevant Series Conditional Purchase Agreement. A tender agent in respect of the Series (each a **Series Tender Agent**) may also be party to the Series Conditional Purchase Agreement, pursuant to which the Series Tender Agent will agree to arrange delivery by and payment to the Noteholders of the relevant Class or Classes of Notes in such Series on the relevant mandatory transfer date(s).

Corporate Services Agreement

The Issuer and Securities Holdings will enter into a Corporate Services Agreement with Structured Finance Management Limited (as **Corporate Service Provider**) on or about the Programme Date pursuant to which the Corporate Services Provider has agreed to provide corporate services to the Issuer and Securities Holdings respectively.

The Corporate Services Agreement is governed by English law.

CREDIT STRUCTURE

General

The following is a summary of the structure and credit arrangements underlying each Series of Notes. Such summary should be read in conjunction with the information appearing elsewhere in this Offering Circular, the relevant Supplement and the Final Terms applicable to the Series.

Series receipts

The following receipts in respect of a Series will be applied by the Series Cash Manager on behalf of the Issuer to make payments of principal and interest on the Notes of such Series, as well as the other amounts payable to the Series Secured Creditors (as identified in the relevant Supplement) under the Series Priorities of Payments in respect of such Series set out in the relevant Supplement:

- interest, principal and other amounts received in respect of Mortgage Loans in the relevant Series Portfolio.
- amounts standing to the credit of the relevant Series Accounts, including the proceeds of any investments made in respect of amounts standing to the credit of the relevant Series Custody Accounts (if any) and Series GIC Accounts and any reserve fund amounts (as specified in the relevant Supplement). See further "*Credit Structure – Reserves*" below.
- amounts received by the Issuer under the relevant Series Hedge Agreements. See further "*Credit Structure – Series Hedge Agreements*" below.
- amounts received by the Issuer under the relevant Series Credit Support Agreements (if any). See further "*Credit Structure – Series Credit Support Agreements*" below.
- advances received by the Issuer under the relevant Series Subordinated Facility Agreements (if any). See further "*Credit Structure – Series Subordinated Facility Agreements*" below.

Amounts received by the Issuer in respect of the Mortgage Loans relating to a Series will be deposited in the relevant Series Transaction Account and together with the above-described Series receipts will not be comingled by the Issuer with the funds of any other Series or the Programme. Series receipts will be applied by the Series Cash Manager on behalf of the Issuer as specified in the relevant Supplement and the applicable Series Priorities of Payments specified therein, as described below.

Series Permitted Withdrawals

Unless otherwise specified in the relevant Supplement, prior to a Programme Insolvency Event or a deemed Programme Enforcement Notice (other than in respect of paragraph (c) below), the following withdrawals and corresponding payments in respect of a Series and the related Series Portfolio will be permitted to be made on any day (other than in respect of paragraph (j) which payment may only be made on a Distribution Date) by the Series Cash Manager from the Series Transaction Account (each a **Series Permitted Withdrawal**):

- (a) the payment of Series Pro Rata Amounts and Series Referable Amounts in respect of Programme expenses specified as a Series Permitted Withdrawal in the relevant Supplement and any other amounts specified as a Series Permitted Withdrawal in the relevant Supplement;
- (b) to pay when due and payable any amounts due and payable by the Issuer in respect of such Series to third parties (excluding, for the avoidance of doubt Series Secured Creditors in respect of such Series) and incurred without breach by the Issuer of the Transaction Documents relating to that Series and to pay any premiums in respect of any insurance policy relating to any Mortgage Loan in the Series Portfolio;
- (c) prior to service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series, to make available to the Seller the amounts required to make Further Advances in respect of the Series to Borrowers pursuant to the terms of the relevant Series Portfolio Purchase Agreement;
- (d) to pay when due (but subject to any right to refuse or withhold payment or offset that has arisen by reason of the Borrower's breach of the terms of the Mortgage Loan concerned) any amount payable by the Issuer to a Borrower under the terms of the Mortgage Loan in the relevant Series Portfolio to which that Borrower is a party or by operation of law;

- (e) if any amount has been received from a Borrower for the express purpose of payment being made by the Issuer to a third party for the provision of a service (including giving insurance cover) to either that Borrower or the Issuer to pay such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and the Seller have agreed that payment of commission to the Seller should be made by deduction from such insurance premium, to pay such amount less such commission when due to such third party and to pay such commission to the Seller;
- (f) to pay to any person (including the Seller and the relevant Series Servicer) any amounts due arising from any overpayment by any person to the Issuer in respect of the Mortgage Loans in the relevant Series Portfolio or arising from any reimbursement by any person of any such overpayment;
- (g) to refund any amounts due arising from the rejection of any direct debit payments in respect of a Mortgage Loan in the relevant Series Portfolio;
- (h) to refund any other overpayments made by a Borrower and all other amounts not relating to the Mortgage Loans in the relevant Series Portfolio owned by the Issuer or in respect of which the Issuer has no entitlement pursuant to the relevant Series Portfolio Purchase Agreement, or amounts credited to the relevant Series Transaction Account in error;
- (i) to refund to the Seller any amounts which represent amounts received from Borrowers and which are amounts owed by such Borrowers in respect of any period prior to the relevant Transfer Date as and when identified by the relevant Series Servicer and if a Borrower fails to pay the full amount that it owes, the Issuer shall be obliged to refund to the Seller only such portion of the amount received which relates to any period prior to the Transfer Date;
- (j) to make payments to the relevant Series MER Loan Provider and/or any other subordinated loan provider in respect of the Series as specified in the relevant Supplement and, following repayment in full of the Series MER Loan and/or any other subordinated loan in respect of the Series as specified in the relevant Supplement, to make payments to the relevant Series MERC Holders;
- (k) to make payment to the Seller of the purchase price of any Pre-Funded Mortgage Loans (as specified in the relevant Supplement);
- (l) to make payments into the Series GIC Account (if applicable) or any other Series Account specified in the relevant Series Bank Account Agreement pursuant to the terms of such Series Bank Account Agreement;
- (m) to cover any cost in relation to execution of a replacement hedge agreement in respect of the relevant Series by using any hedge termination payments received from the relevant Hedge Provider under the relevant Series Hedge Agreements, as specified in the relevant Supplement; and
- (n) to make payments to the relevant Series Servicer pursuant to the relevant Series Servicing Agreement,

provided that, on any Distribution Date in respect of such Series, Series Permitted Withdrawals in paragraphs (a), (b) and (n) above will be applied in accordance with the relevant Series Priorities of Payments.

To the extent that any of the above Series Permitted Withdrawals (other than the Series Permitted Withdrawals in paragraphs (c)), are made by the relevant Series Cash Manager from and including the last Business Day of the month preceding a Determination Date to and including the relevant Distribution Date, any such withdrawals (other than the withdrawals referred to in paragraphs (a), (b) and (n) above) shall be made prior to administration of the applicable Series Priorities of Payments and, therefore, shall not be included in the Available Revenue Funds for such Distribution Date.

Series Priorities of Payments

On each Distribution Date in respect of a Series, amounts standing to the credit of the relevant Series Transaction Account will be applied in accordance with the Series Priorities of Payments set out in the relevant Supplement and the relevant Series Cash Management Agreement.

Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments

On each Distribution Date prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series, Available Revenue Funds standing to the credit of the relevant Series

Transaction Account will be applied in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the relevant Supplement (the **Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments**).

Available Revenue Funds in respect of a Series will have the meaning given to it in the relevant Supplement.

Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments

On each Distribution Date following service of a Series Enforcement Notice in respect of the relevant Series, but prior to service of a Series Acceleration Notice in respect of such Series, the Security Trustee or any appointee or receiver will hold on trust all Available Revenue Funds received or recovered by it and such Available Revenue Funds will be applied by the relevant Series Cash Manager on behalf of the Security Trustee on each Distribution Date in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the relevant Supplement (the **Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments**).

Series Pre-Acceleration Principal Priority of Payments

On each Distribution Date prior to the service of a Series Acceleration Notice in respect of the relevant Series, Actual Redemption Funds standing to the credit of the applicable Series Transaction Account will be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments as set out in the relevant Supplement (the **Series Pre-Acceleration Principal Priority of Payments**).

Actual Redemption Funds in respect of a Series will have the meaning given to it in the relevant Supplement.

Series Post-Acceleration Priority of Payments

Following service of a Series Acceleration Notice in respect of the relevant Series, all moneys received or recovered by the Security Trustee (or a receiver appointed on its behalf) in respect of such Series under the Security Deed will be applied by the relevant Series Cash Manager on behalf of the Security Trustee in accordance with the Series Post-Acceleration Priority of Payments set out in the relevant Supplement (the **Series Post-Acceleration Priority of Payments**).

Issuer's obligations in respect of a Series

The Issuer will, in respect of each Series, incur the following Series specific liabilities in addition to the Programme liabilities set out below under ("*Programme liabilities*") subject to the terms of the applicable Series Priorities of Payments set out in the relevant Supplement:

- payments of interest and principal on the Notes;
- amounts payable to the Series Note Trustee in respect of the Notes issued;
- amounts payable to the Security Trustee in respect of the Security granted over the Series Assets;
- amounts due to third parties and not incurred by the Issuer in breach of the Transaction Documents;
- amounts payable in respect of insurance contracts maintained by or on behalf of the Issuer in respect of the Series Portfolio;
- amounts payable to the relevant Series Account Bank in respect of the Series Accounts;
- amounts payable to the relevant Series Cash Manager in respect of Series cash management services;
- amounts payable to the relevant Series Agents;
- amounts payable to the relevant Series Servicer and the Series Standby Servicer in respect of servicing the relevant Series Portfolio;
- amounts payable to the Series Credit Support Providers (including any Series Liquidity Facility Provider), if any, under the relevant Series Credit Support Agreements;
- amounts payable to the Series Hedge Providers (including any Series Cap Providers or Series Currency Swap Counterparty) under the relevant Series Hedge Agreements;
- amounts payable to the Series Subordinated Facility Providers (including any Series MER Loan Provider), if any, under the relevant Series Subordinated Facility Agreements;

- amounts payable to the Series Remarketing Agent, the Series Conditional Purchaser and/or the Series Tender Agent, if any, under the relevant Series Remarketing Agreement and Series Conditional Purchase Agreement; and
- amounts payable in respect of the relevant Series Residuals and Series MERCs, as applicable.

The above liabilities (other than the Series MERCs, unless specified otherwise in the relevant Supplement) will be paid under the applicable Series Priorities of Payments subject to the priorities of payments specified therein as described in the relevant Supplement. As noted above, the Securities Holdings' liability or possible liability for tax will be allocated on a Series basis under the applicable Series Priorities of Payments specified in the relevant Supplement. If a Programme Insolvency Event has not occurred and/or a Programme Enforcement Notice has not been served amounts payable by the Issuer in respect of such tax liabilities will rank ahead of Noteholders in the applicable Series Priorities of Payments.

Programme liabilities

Programme expenses of the Issuer under the Programme Priority of Payments are shared between the Series on either a Series Pro Rata Amount or Series Referable Amount basis (as described above under "*Transaction Documents — Programme Cash Management Agreement*") and will include:

- amounts payable to the Security Trustee in respect of the Security Deed and the Intercreditor Deed;
- amounts due to third parties and not incurred by the Issuer in breach of the Transaction Documents on a Programme basis;
- amounts payable in respect of insurance contracts maintained by or on behalf of the Issuer on a Programme basis;
- Securities Holdings' liability or possible liability for tax;
- amounts payable to the Corporate Services Provider;
- amounts payable to the Programme Account Bank in respect of the Programme Account;
- amounts payable to the Programme Cash Manager in respect of Programme cash management services; and
- amounts payable to the Programme Financial Servicer.

See the relevant Series Priorities of Payments for a description of the basis on which specific Programme expenses are allocated.

Programme Priority of Payments

On each Programme Distribution Date, amounts (other than, prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, amounts standing to the credit of the Programme Tax Ledger which will only be available for application when a tax liability of Securities Holdings is to be satisfied) standing to the credit of the Programme Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Programme Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, in or towards satisfaction of the remuneration and indemnity amounts due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents and any receiver (including any administrative receiver) or other person appointed by it under the Security Deed or any other Transaction Document and any costs, charges, liabilities and expenses incurred by any of them thereunder;
- (b) second, prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) incurred without breach by the Issuer of the Transaction Documents and to provide for any such amounts expected to become due and payable by the Issuer on or before the next succeeding Programme Distribution Date (in each case to the extent not directly paid to such third party under any Series Priorities of Payments);
 - (ii) amounts payable in respect of insurance contracts maintained by or on behalf of the Issuer (to the extent not directly satisfied under any Series Priorities of Payments);

- (iii) an amount to provide for Securities Holdings' liability or possible liability for tax; and
 - (iv) to credit to the Securities Holdings' Profit Ledger an amount equal to the aggregate of all amounts credited to the Programme Account in respect of Securities Holdings' Profit Ledger under each of the Series Priorities of Payments at such date;
- (c) third, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) amounts due and payable to the Corporate Services Provider under the Corporate Services Agreement;
 - (ii) amounts due and payable to the Programme Account Bank under the Programme Bank Account Agreement;
 - (iii) amounts due and payable to the Programme Cash Manager under the Programme Cash Management Agreement;
 - (iv) amounts due and payable to the Programme Financial Servicer under the Programme Cash Management Agreement;
- (d) fourth, in or towards satisfaction of all amounts owing to any other Programme Secured Creditor; and
- (e) fifth, to pay any remaining amount to the Issuer or other persons entitled thereto.

Prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, amounts in respect of Securities Holdings' liability for tax and amounts due to third parties (other than Secured Creditors) and incurred without breach by the Issuer of the Transaction Documents may be withdrawn by the Programme Cash Manager from the Programme Account and applied to satisfy such liability on any date, provided that if such date is a Programme Distribution Date, such payment shall be made in accordance with the Programme Priority of Payments.

Programme Distribution Date means 12th June, September, December and March in each year unless such day is not a Business Day, in which case it shall be the next following Business Day.

Series Hedge Agreements

If specified in the relevant Supplement, the Issuer will enter into hedge agreements (each a **Series Hedge Agreement**) with hedge providers (each a **Series Hedge Provider**), as necessary, to hedge certain interest rate, currency and/or other risks related to any amounts received by the Issuer in respect of the relevant Series Portfolio and amounts payable by the Issuer in respect of that Series. Series Hedge Agreements include the Series Interest Rate Cap Agreements and the Series Currency Swap Agreements described below.

A Series Hedge Provider will have recourse only to the Series Assets of the Series in respect of which the Series Hedge Agreement was entered into. There will be no cross-defaults, cross-termination events or netting of payments among hedge agreements in respect of different Series.

Series Interest Rate Cap Agreements

If specified in the relevant Supplement, the Issuer will enter into one or more interest rate cap agreements in respect of the Series (each a **Series Interest Rate Cap Agreement**) with the Series Cap Provider specified in the relevant Supplement on the Series Issue Date. The Series Interest Rate Cap Agreement will hedge against a possible rise in Note LIBOR in excess of a specified rate and for a specified term as indicated in the relevant Supplement. Unless otherwise specified in the relevant Supplement, under the Series Interest Rate Cap Agreement, the excess of (a) the amount produced by applying Note LIBOR for the relevant Interest Period to the notional amount specified in the relevant Supplement and (b) the amount produced by applying the specified rate to the notional amount for the same period will be paid (if such figure is positive) by the relevant Series Cap Provider to the Issuer on the next following Distribution Date in respect of the Series.

As at the Series Issue Date, the relevant Series Cap Provider will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least the Interest Rate Cap Trigger Ratings specified in the relevant Supplement. The consequences of failing to maintain the Interest Rate Cap Trigger Ratings will be specified in the relevant Supplement.

Each Series Interest Rate Cap Agreement will be governed by English law.

Series Currency Swap Agreements

In the event that the Notes of a Series are denominated in US dollars (**USD Notes**) or euro (**Euro Notes**), the Issuer will enter into one or more Series Currency Swap Agreements (each a **Series Currency Swap Agreement**), as specified in the relevant Supplement. Any USD Notes and the Euro Notes will be denominated in US dollars and euro, respectively, and the Issuer will pay interest and principal on the USD Notes in US dollars and on the Euro Notes in euro. However, payments of interest and principal by the Borrowers under the Mortgage Loans will be made in Sterling. In addition, the USD Notes and the Euro Notes (as applicable) will bear interest at a rate based on a margin over Note USD LIBOR (as defined in the relevant Supplement) and Note Euribor (as defined in the relevant Supplement), respectively. In order to protect itself against currency exchange rate exposure (and any related interest rate exposure in connection with such currency exchange rate exposure) in respect of the USD Notes and the Euro Notes (as applicable), the Issuer will in respect of the Series enter into the above-mentioned Series Currency Swap Agreements with the Series Currency Swap Counterparty (as specified in the relevant Supplement) on the Series Issue Date. In the event that the Notes of a Series are denominated in a currency other than Sterling, US dollars or euro, the terms of the relevant Series Currency Swap Agreements will be set out in the relevant Supplement.

Unless otherwise specified in the relevant Supplement, under the terms of the Series Currency Swap Agreement, the Issuer will pay to the relevant Series Currency Swap Counterparty:

- (a) on the Series Issue Date, the US dollar and euro proceeds (as applicable) received on the issue of the USD Notes and the Euro Notes (as applicable);
- (b) two Business Days (as defined in the Series Currency Swap Agreement) prior to each Distribution Date in respect of the relevant Series, an amount in sterling based on Note LIBOR applied to the sterling equivalent (converted at the Currency Swap Rate (as defined below)) of the Principal Amount Outstanding of the USD Notes and the Euro Notes (as applicable); and
- (c) two Business Days (as defined in the relevant Series Currency Swap Agreement) prior to each Distribution Date in respect of the relevant Series, an amount in sterling equal to the amount available to be applied in repayment of principal on the USD Notes and the Euro Notes (as applicable) on that Distribution Date.

Unless otherwise specified in the relevant Supplement, under the terms of the Series Currency Swap Agreement, the Series Currency Swap Counterparty will pay to the Issuer or to its order:

- (a) on the Issue Date in respect of the relevant Series, an amount in sterling equal to the US dollar proceeds and euro proceeds (as applicable) of the issue of the USD Notes and the Euro Notes, respectively, such proceeds to be converted into sterling at the relevant Series Currency Swap Rate (as defined below);
- (b) two Business Days (as defined in the relevant Series Currency Swap Agreement) prior to each Distribution Date in respect of the relevant Series, an amount in US dollars and euro (as applicable) equal to the interest to be paid in US dollars and euro on the USD Notes and the Euro Notes, respectively, on such Distribution Date; and
- (c) two Business Days (as defined in the Series Currency Swap Agreement) prior to each Distribution Date in respect of the relevant Series, US dollar and euro amounts equivalent to the sterling amounts available to be applied in repayment of principal on the USD Notes and the Euro Notes (as applicable) on such Distribution Date converted into US dollars at the USD Currency Swap Rate (as defined below) and converted into euro at the Euro Currency Swap Rate (as defined below), as applicable, on such Distribution Date.

The relevant US dollar/Sterling and euro/Sterling exchange rates (as applicable) will be determined on or prior to the Series Issue Date (respectively the **USD Currency Swap Rate** (being the US dollar/Sterling exchange rate under the relevant Series Currency Swap Agreement) and the **Euro Currency Swap Rate** (being the euro/Sterling exchange rate under the relevant Series Currency Swap Agreement) and together and each of them, the **Currency Swap Rate**).

The termination events in respect of each Series Currency Swap Agreement will be specified in the relevant Supplement.

As at the Series Issue Date, the relevant Series Currency Swap Counterparty will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least the

Currency Swap Trigger Ratings specified in the relevant Supplement. The consequences of failing to maintain the Currency Swap Trigger Ratings will be specified in the relevant Supplement.

Each Series Currency Swap Agreement will be governed by English law.

Series Credit Support Agreements

If specified in the relevant Supplement, one or more of the following types of credit support arrangements (each agreement related thereto, a **Series Credit Support Agreement**) may be entered into by the Issuer with credit support providers (each a **Series Credit Support Provider**) in respect of that Series:

- liquidity facility arrangements to provide funds to the Issuer for payment of certain liabilities of the Issuer under the relevant Series Priorities of Payments in the event the Issuer has insufficient funds available (see "*Series Liquidity Facility Agreement*" below);
- a financial guarantee or insurance policy issued in favour of the Series Note Trustee and/or the Security Trustee in respect of certain liabilities of the Issuer to make payments of interest and principal on certain Classes of Notes in a Series;
- a letter of credit facility under which a letter of credit facility provider will issue one or more irrevocable letters of credit in favour of the Issuer if and when the Issuer has insufficient funds available to maintain specified ratings in respect of a Class of Notes in a Series; and
- such other credit support arrangements as may be described in the relevant Supplement.

Each Series Credit Support Agreement will specify the minimum ratings requirements, if any, for the relevant Series Credit Support Provider and the consequences of failing to maintain such ratings.

Series Liquidity Facility Agreement

If specified in the relevant Supplement, the Issuer will enter into a series liquidity facility agreement in respect of the Series (each a **Series Liquidity Facility Agreement**) with the Series Liquidity Facility Provider specified in the Supplement. The Issuer will be entitled on each Distribution Date to make liquidity drawings in respect of specified amounts under the relevant Series Priorities of Payments up to the Liquidity Maximum Amount specified in the relevant Supplement. Drawings under the relevant Series Liquidity Facility Agreement will be credited to the relevant Series Liquidity Ledger and will be available for application as Available Revenue Funds in accordance with the terms of the Series Liquidity Facility Agreement, as further described in the relevant Supplement. Drawings under the Series Liquidity Facility Agreement and any other amounts payable to the Series Liquidity Facility Provider will be paid in accordance with the relevant Series Priorities of Payments.

Unless specified otherwise in the relevant Supplement, upon the occurrence of a downgrade event in respect of the Series Liquidity Facility Provider or a non-renewal of the liquidity facility under the relevant Series Liquidity Facility Agreement, the entire undrawn portion of the liquidity facility under the relevant Series Liquidity Facility Agreement will be drawn by the Issuer unless a replacement Series Liquidity Facility Provider is found.

Each Series Liquidity Facility Agreement will be governed by English law.

Series Subordinated Facility Agreements

If specified in the relevant Supplement, the Issuer will enter into a subordinated facility agreement (each a **Series Subordinated Facility Agreement**) with a subordinated facility provider (each a **Series Subordinated Facility Provider**) pursuant to which the relevant Series Subordinated Facility Provider will agree to make a subordinated credit facility available to the Issuer for the purposes of that Series in accordance with the terms of the applicable Series Subordinated Facility Agreement as described in the relevant Supplement.

Series MER Loans

If specified in the relevant Supplement, the Issuer will receive a loan (the **Series MER Loan**) from the Series MER Loan Provider identified in the relevant Supplement. The Series MER Loan will be applied in the manner described in the Supplement, which may include funding certain costs and expenses in connection with the issuance of the relevant Series, funding Series reserves and funding any interest shortfall that may arise in connection with Pre-Funded Mortgage Loans. Unless otherwise specified in the relevant Supplement,

the Series MER Loan will be repaid out of Mortgage Early Repayment Charges received in respect of the Series Portfolio and such payments will be made outside of the applicable Series Priorities of Payments and will be made in priority to payments to the relevant Series MERC Holders. As specified in the relevant Supplement, Series MER Loans may also be repaid from Available Revenue Funds in accordance with the applicable Series Priorities of Payments.

Series Reserves

In addition to the Series Reserve Fund and the Series Discount Reserve described below, additional reserves in respect of a Series may be specified in the relevant Supplement.

Series Reserve Fund

If specified in the relevant Supplement, a reserve fund will be established on the Series Issue Date (the **Series Reserve Fund**) to provide limited coverage for shortfalls in amounts as specified in the relevant Supplement due under the relevant Series Priorities of Payments. If specified in the relevant Supplement, the Series Reserve Fund will be funded using part of the proceeds of a Series MER Loan or any other subordinated loan in respect of the Series. Each Series Reserve Fund will be required to be maintained at the Series Reserve Fund Required Amount specified in the relevant Supplement and in the event that the Series Reserve Fund Required Amount is permitted to be reduced (upon satisfaction of the conditions specified in the relevant Supplement), amounts credited to the Series Reserve Fund in excess of the Series Reserve Fund Required Amount will be applied as Available Revenue Funds in respect of that Series.

On any Distribution Date on which the Notes of a Series are redeemed in full, the relevant Series Reserve Fund will be applied as Available Revenue Funds in respect of that Series.

Series Discount Reserve

If specified in the relevant Supplement, a discount reserve will be established on the Series Issue Date (the **Series Discount Reserve**) to cover the expected difference during the relevant discount period between rates payable on the Discounted Mortgage Loans in the Series Portfolio and the margin above LIBOR, the Bank of England base rate or the SVR (as applicable) that will apply in respect of such Discounted Mortgage Loans when the discount period expires, as further described in the relevant Supplement. The Series Discount Reserve will be adjusted for Pre-Funded Mortgage Loans, Substitute Mortgage Loans, Consolidated Mortgage Loans and Further Advances in each case in respect of the relevant Series Portfolio, as applicable. If specified in the relevant Supplement, the Series Discount Reserve will be funded using part of the proceeds of the relevant Series MER Loan or any other subordinated loan in respect of the Series.

Each Series Discount Reserve will be required to be maintained at the Series Discount Reserve Required Amount specified in the relevant Supplement and if at any time the amount standing to the credit of the Series Discount Reserve exceeds the Series Discount Reserve Required Amount, the amount of such excess shall be debited from the Series Discount Reserve and credited to the Series Transaction Account for application in accordance with the Series Priorities of Payments.

On any Distribution Date on which the Notes are redeemed in full or on which all discounts applicable to Discounted Mortgage Loans which then form part of the relevant Series Portfolio have expired, the Series Discount Reserve (if any) will be applied as Available Revenue Funds.

Series MERCs

If specified in the relevant Supplement, Series MERCs will be issued by the Issuer. Unless otherwise specified in the relevant Supplement, Series MERCs constitute amounts payable to Series MERC Holders on a pro rata basis from Mortgage Early Repayment Charges (less any amounts paid in priority to the Series MER Loan Provider as described above under "*Series MER Loan*"), received by the Issuer in respect of Mortgage Early Repayment Amounts in respect of the relevant Series. Unless otherwise specified in the relevant Supplement, all Mortgage Early Repayment Charges in respect of the relevant Series will be applied in or towards payment of amounts outstanding in respect of the relevant Series MER Loan until the Series MER Loan has been repaid in full, prior to any payments in respect of Mortgage Early Repayment Charges being made to Series MERC Holders.

Following the earliest to occur of: (i) redemption of all Notes of the relevant Series, (ii) service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series and disposal of the

Series Portfolio or (iii) the exercise by the PECO Holder of the Series Post-Enforcement Call Option, no termination payment or other amount (other than amounts then payable in respect of Series MERCs) will be payable in respect of the Series MERCs and, following the payment of any amounts then payable in respect of MERC Holder Payments, the Series MERCs shall no longer constitute a claim against the Issuer in respect of the relevant Series. Holders of the Series MERCs will be Series Secured Creditors of the relevant Series.

Series Residuals

If specified in the relevant Supplement, Series Residuals may be issued in connection with the sale of a Series Portfolio to the Seller. Unless otherwise specified in the relevant Supplement, each Series Residual bears an entitlement to receive a payment in respect of residual amounts available for such purpose in accordance with the applicable Series Priorities of Payments. The Series Residuals will pay on each Distribution Date such residual amount (the **Series Residual Payment**) as is available for such purpose in accordance with the applicable Series Priorities of Payments (following payment of or provision for all higher ranking items) divided by the number of Series Residuals existing on the Determination Date prior to the relevant Distribution Date.

Following the earliest to occur of: (i) redemption of all the Notes of the relevant Series, (ii) service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series and payment by the Issuer of all sums to be applied pursuant to the applicable Series Priorities of Payments or (iii) the exercise by the PECO Holder of the Series Post-Enforcement Call Option, no termination payment or other amount will be payable in respect of the Series Residuals and the Series Residuals shall no longer constitute a claim against the Issuer. Holders of the Series Residuals will be Series Secured Creditors of the relevant Series.

Uncertificated Series MERCs and Series Residuals

The Issuer may, in relation to any one or more Series, not issue Series MERCs or Series Residuals. Amounts which would otherwise be paid as described under Series MERCs and Series Residuals (as described above) may instead be paid pursuant to an obligation documented in another form. Such obligation may be capable of assignment or transfer (although it may or may not be a transferable instrument).

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the clearing systems currently in effect. The information in this section concerning the clearing systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the relevant Series Note Trustee, the Security Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. Neither the Issuer nor any other party to the Series Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Clearance Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly. DTC has S&P’s highest rating: AAA. The DTC rules applicable to DTC’s participants and indirect participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (the beneficial owner) is in turn to be recorded on the participants’ and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participant or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of participants or indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorised representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC’s records reflect only the identity of the participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Notes unless authorised by a participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit participants' accounts, upon DTC's receipt of funds and corresponding detail information from the issuer or the principal paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants or indirect participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant or indirect participant and not of DTC or its nominee, the Series Principal Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or the Series Principal Paying Agent, disbursement of such payments to participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of participants and indirect participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their participants and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective participants, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Accountholders in both Euroclear and Clearstream, Luxembourg are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a participant of either system.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective participants.

For so long as the Notes are represented by Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative participants rather than by publication as required by Condition 19 (Notices) provided that, for so long as the Notes are admitted to trading on the Irish Stock Exchange, the competent authority so agrees. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the date on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Book-entry Ownership of and Payments in respect of Notes held through DTC

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual

beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to participants or indirect participants, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of participants) and the records of participants (with respect to the interests of indirect participants).

DTC will only process payments of principal and interest in U.S. dollars. Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars in respect of a Registered Global Note accepted by DTC, payment will be made by the Series Exchange Rate Agent and the Series Exchange Rate Agent will (in accordance with express written instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable participants' accounts.

The Issuer expects DTC to credit accounts of participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by participants or indirect participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such participant or indirect participant and not the responsibility of DTC, the Series Note Trustee, the Security Trustee, the Series Agents or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Definitive Notes. Similarly, because DTC can only act on behalf of participants in the DTC system who in turn act on behalf of indirect participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Definitive Notes. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a participant or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under *Subscription and Sale and Transfer and Selling Restrictions*, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear participants, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian with whom the relevant Registered Global Notes have been deposited (the Custodian).

On or after the Issue Date for any Series, transfers of Notes of such Series between participants in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between participants in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Note will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg

participants and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Note Trustee, the Security Trustee, the Issuer, the Series Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

UNITED KINGDOM TAXATION

The following is a general description of certain aspects of current United Kingdom law and HM Revenue and Customs (HMRC) practice relating to the United Kingdom taxation of the Notes and is limited to a general consideration of the United Kingdom tax position of persons who are absolute beneficial owners of the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and should therefore be treated with appropriate caution. Some aspects do not apply to certain classes of taxpayer (such as dealers) or to Noteholders where the object, or one of the main objects, of acquiring or holding the Notes was or is the securing, whether for the Noteholder or any other person, of a tax advantage.

A United Kingdom Withholding Tax

Interest payments on the Notes (whether in global or definitive form) will be payable without withholding or deduction for or on account of United Kingdom income tax provided that at the time of payment of the interest, the Notes are listed on a “recognised stock exchange” within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (ICTA 1988). The Irish Stock Exchange is a recognised stock exchange for these purposes. Under an HMRC interpretation, securities will be treated as listed on the Irish Stock Exchange if they are admitted to the Official List by the IFSRA. The Notes will satisfy this requirement if they are listed by the competent authority in Ireland and are admitted to trading by the Irish Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on the Notes is paid to a person who belongs in the United Kingdom and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that the HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of United Kingdom income tax. Interest on the Notes may also be paid without deduction or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by HMRC under an applicable double taxation treaty.

Noteholders who are individuals may wish to note that HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

B EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

C Direct Assessment of Non-United Kingdom Resident Noteholders to United Kingdom Tax on United Kingdom Interest

Interest on the Notes constitutes United Kingdom source income for United Kingdom tax purposes and, as such may be subject to United Kingdom income tax by direct assessment even where paid without withholding or deduction for or on account of United Kingdom income tax, except in the hands of a Noteholder who is exempt from United Kingdom income tax under the terms of an applicable double taxation treaty or otherwise.

D Accrued Income Scheme – Individual Noteholders

For the purposes of the provisions known as the “Accrued Income Scheme” (contained in Chapter II of Part XVII of ICTA 1988), a transfer of a Note by an individual Noteholder who is resident or ordinarily resident in the United Kingdom or a Noteholder who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable, may give rise to a charge to United Kingdom tax on income in respect of an amount treated, under the Accrued Income Scheme, as representing interest accrued on the Note at the time of the transfer.

In particular, depending on the terms under which they are issued, some of the Notes may be “variable rate securities” for the purposes of the Accrued Income Scheme. In relation to the disposal of such a Note, a Noteholder who is resident or ordinarily resident in the United Kingdom or a Noteholder who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable will be chargeable to tax on income in respect of interest which is deemed to have accrued on that Note at the time of transfer in such an amount as is just and reasonable. A transferee of such a Note will not be entitled to any corresponding relief in respect of that amount under the Accrued Income Scheme.

E Taxation of Chargeable Gains – Individual Noteholders

Any Notes issued under the programme which have or which, being of Sterling denomination, contain provision for redenomination will not be treated by HMRC as **qualifying corporate bonds** within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal (including a redemption) of such Notes by an individual Noteholder will give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains (CGT), depending on the individual circumstances of the Noteholder.

An issue of Sterling denominated notes containing no provision for conversion into or redemption in a currency other than Sterling should constitute qualifying corporate bonds and accordingly a disposal of them would not give rise to a chargeable gain or allowable loss for the purposes of CGT.

F United Kingdom Corporation Tax Payers

In general, Noteholders within the charge to United Kingdom corporation tax will not be subject to the taxation treatment set out in paragraphs C or D above. Instead, any profits, gains and losses, and fluctuations in the value of the Notes (whether attributable to currency fluctuations or otherwise) measured and recognised broadly in accordance with their statutory accounting treatment, are taxed or relieved as income. Noteholders within the charge to United Kingdom corporation tax are generally charged to tax in each accounting period by reference to interest accrued in that period and other profits recognised in that period.

G Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is chargeable on the issue or transfer of a Note in global form, or on the issue or transfer of a Definitive Note.

General

Any U.S. federal tax discussion in this Offering Circular was not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued or sold pursuant to this Offering Circular. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

The following is a general summary of the principal U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes. In general, this summary assumes that holders acquire the Notes at original issuance and will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, notional principal contracts or currencies; (iv) tax-exempt entities; (v) real estate investment trusts; (vi) regulated investment companies; (vii) persons that will hold Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10 per cent. or more of the voting shares of the Issuer; (ix) partnerships, pass-through entities, or persons that hold Notes through partnerships or pass-through entities; and (x) U.S. Holders that have a "functional currency" other than the U.S. dollar. In addition, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of interests in a holder of Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

Each prospective investor should consult its own tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect or available on the date of this Offering Circular. All of the foregoing is subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

As used in this section, the term **U.S. Holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation) created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust. If a partnership holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisers. A **Non-U.S. Holder** is a beneficial owner of Notes that is not a U.S. Holder.

Taxation of U.S. Holders of the Notes

No statutory, judicial or administrative authority directly addresses the characterisation of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain. No ruling is being requested from the U.S. Internal Revenue Service (the IRS) with respect to the Notes and no assurance can be given that the IRS will agree with the conclusions expressed herein. Although the Notes will be issued in the form of debt, the conditions of certain Notes may cause such Notes to be characterised as equity of the Issuer for U.S. federal income tax purposes. Both possible characterisations are discussed below.

Prospective investors should consult their own tax advisers regarding the appropriate characterisation of, and U.S. federal income tax and other tax consequences of investing in, the Notes.

Characterisation of the Notes as Debt

The application of the contingent payment debt instrument rules to the Notes will depend upon the specific terms of the Notes under the applicable Final Terms. Where a Note is treated as a non-contingent debt instrument (and, thus, not subject to the contingent payment debt instrument rules), the following rules apply.

Payments of Interest

Interest paid on a Note characterised as debt for U.S. federal income tax purposes, other than interest on a Discount Note that is not qualified stated interest (each as defined below under “*Original Issue Discount – General*”), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

A U.S. Holder utilising the cash method of accounting for U.S. federal income tax purposes that receives an interest payment denominated in a currency other than U.S. dollars (a foreign currency) will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

If interest on a Note is payable in a foreign currency, an accrual basis U.S. Holder is required to include in income the U.S. dollar value of the amount of interest income and OID accrued on the Note during the accrual period. Such a U.S. Holder may determine the amount of the accrued interest income to be recognised in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within the taxable year. Under the second accrual method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. Holder may instead translate that interest at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

A U.S. Holder utilising either of the foregoing two accrual methods will recognise ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment denominated in a foreign currency (including a payment attributable to accrued but unpaid interest upon the sale, exchange or other disposition of a Note). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the U.S. Holder).

Foreign currency received as interest on the Notes will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realised by a U.S. Holder on a sale, exchange or other disposition of that foreign currency will be ordinary income or loss and generally will be income from sources within the United States for U.S. foreign tax credit limitation purposes.

Interest income on the Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder’s foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Original Issue Discount

General. A Note, other than a Note with a term of one year or less (a Short-Term Note), will be treated as issued at an original issue discount (OID, and a Note issued with OID, a Discount Note) for U.S. federal income tax purposes if the excess of the sum of all payments provided under the Note, other than qualified stated interest payments over the Issue Price of the Note is more than a de minimis amount (as defined below). “Qualified stated interest” is generally interest paid on a Note that is unconditionally payable at least annually at a single fixed rate. The “Issue Price” of the Notes under an applicable Final Terms will be the first price at which a substantial amount of such Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. Special rules for “Variable Rate Notes” are described below under “*Original Issue Discount – Variable Rate Notes*”.

In general, if the excess of the sum of all payments provided under the Note other than qualified stated interest payments (the Note’s stated redemption price at maturity) over its Issue Price is less than one

quarter of one per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (the **de minimis amount**), then such excess, if any, constitutes **de minimis OID** and the Note is not a Discount Note. Unless the election described below under "*Original Issue Discount – OID Election*" is made, a U.S. Holder of a Note with de minimis OID must include such de minimis OID in income as stated principal payments on the Note are made. The includable amount with respect to each such payment will equal the product of the total amount of the Note's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

Constant-Yield Method. A U.S. Holder will be required to include OID on a Discount Note in income for U.S. federal income tax purposes as it accrues calculated using the **constant-yield method** before the actual receipt of cash attributable to that income, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes. Under the constant-yield method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID over the life of Discount Notes.

The amount of OID includable in income by a U.S. Holder of a Discount Note under the constant-yield method is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds that Note (**accrued OID**). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period.

The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's **adjusted issue price** at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is the Issue Price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

For the purposes of determining the amount of OID allocable to an accrual period, if an interval between payments of qualified stated interest on the Note contains more than one accrual period, the amount of qualified stated interest payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated *pro rata* on the basis of relative lengths to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval.

The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable at the maturity of the Note (other than any payment of qualified stated interest) and (y) the Note's adjusted issue price as of the beginning of the final accrual period.

OID for any accrual period on a Note that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. Holder, as described under "*Payments of Interest*" above. Upon receipt of an amount attributable to OID in these circumstances, a U.S. Holder may recognise ordinary income or loss.

OID on a Discount Note will be treated as foreign source income for the purposes of calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit in their particular situation.

Acquisition Premium. A U.S. Holder that purchases a Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (any such excess being **acquisition premium**) and that does not make the election described below under "*Original Issue Discount – OID Election*" will reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note

immediately after its purchase over the adjusted issue price of the Note, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount. A Note, other than a Short-Term Note, will be treated as purchased at a market discount (a **Market Discount Note**) if it is purchased at less than the Issue Price and the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's revised issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least one quarter of one per cent. of such Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If such excess is not sufficient to cause the Note to be a Market Discount Note, then such excess constitutes *de minimis* market discount and such Note is not subject to the rules discussed in the following paragraphs. For these purposes, the "revised issue price" of a Note generally equals its Issue Price, increased by the amount of any OID that has accrued on the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a constant-yield method. Such an election will apply only to the Note with respect to which it is made and may not be revoked. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

OID Election. A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method with the modifications described below. For the purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium.

In applying the constant-yield method to a Note with respect to which this election has been made, the issue price of the Note will equal its cost to the electing U.S. Holder, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a Note with amortisable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Original Issue Discount – Market Discount*" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

Variable Rate Notes.

A **Variable Rate Note** is a Note that:

- (a) has an Issue Price that does not exceed the total non-contingent principal payments by more than the lesser of (i) the product of (x) the total non-contingent principal payments, (y) the number of complete years to maturity from the issue date and (z) 0.015, or (ii) 15 per cent. of the total non-contingent principal payments; and
- (b) does not provide for stated interest other than stated interest compounded or paid at least annually at (i) one or more **qualified floating rates**, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single **objective rate** or (iv) a single fixed rate and a single objective rate that is a **qualified inverse floating rate**.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a **current value** of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A variable rate is a "qualified floating rate" if (i) variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated or (ii) it is equal to the product of such a rate and either (a) a fixed multiple that is greater than 0.65 but not more than 1.35, or (b) a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. If a Note provides for two or more qualified floating rates that (i) are within 0.25 percentage points of each other on the issue date or (ii) can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. A rate is not a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "objective rate" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the Issuer or a related party (such as dividends, profits or the value of the Issuer's stock). A variable rate is not an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. An objective rate is a "qualified inverse floating rate" if (i) the rate is equal to a fixed rate minus a qualified floating rate, and (ii) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period and (i) the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or (ii) the value of the qualified floating rate or objective rate is intended to approximate the fixed rate, the fixed rate and the qualified floating rate or the objective rate constitute a single qualified floating rate or objective rate.

In general, if a Variable Rate Note provides for stated interest at a single qualified floating rate or objective rate, all stated interest on the Note is qualified stated interest and the amount of OID, if any, is determined under the rules applicable to fixed rate debt instruments by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, in the case of any other objective rate, a fixed rate that reflects the yield reasonably expected for the Note.

If a Variable Rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate and also does not provide for interest payable at a fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Variable Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Variable Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and in addition provides for stated interest at a single fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals are determined as in the immediately preceding paragraph with the modification that the Variable Rate Note is treated, for the purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or a qualified inverse floating rate, as the case may be) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Variable Rate Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate (or qualified inverse floating rate) rather than the fixed rate.

Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the variable rate debt instrument rules to any of the Notes issued under the Programme.

Notes Subject to Redemption. If the Notes are redeemable at the option of the Issuer prior to their maturity (other than upon the occurrence of a Series Event of Default) or are repayable at the option of the U.S. Holder prior to their stated maturity, such Notes may be subject to rules that are different from the general rules discussed above. Investors intending to purchase Notes with such features should consult their own tax advisers, as the OID consequences will depend, in part, on the particular terms and features of the purchased Notes.

Short-Term Notes. Short-Term Notes will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder makes the election described above under “*Original Issue Discount – OID Election*”. If such an election is not made, any gain recognised by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant-yield method, through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realised. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, and certain other holders including banks and dealers in securities, are required to accrue OID on a Short-Term Note on a straight-line basis unless an election is made to accrue the OID under a constant-yield method.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat such excess as **amortisable bond premium**. If such election is made, the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to such year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, amortisable bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of foreign currency. At the time amortisable bond premium offsets interest income, a U.S. Holder realises exchange gain or loss (taxable as ordinary income or loss) equal to the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium will apply to all bonds (other than bonds the interest in which is excludible from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

Sale, Exchange or Other Disposition

A U.S. Holder’s tax basis in a Note will generally equal its U.S. dollar cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder’s income with respect to the Note (each as determined above), and reduced by the amount of any payments with respect to the Note that are not qualified stated interest payments and the amount of any amortisable bond premium applied to reduce interest on the Note. The “U.S. dollar cost” of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that is purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. A U.S. Holder will generally recognise gain or loss on the sale, exchange or other disposition of a Note in an amount equal to the difference between the amount realised on the sale, exchange or other disposition and the tax basis in the Note. The amount realised on the sale, exchange or other disposition of a Note for an amount in foreign currency will be the U.S. dollar value of that amount on the date of disposition or, in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that is sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale.

Gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will consist of OID exchange gain or loss and principal exchange gain or loss. OID exchange gain or loss will equal the difference between the U.S. dollar value of the amount received on the sale, exchange or retirement of a Note that is attributable to accrued but unpaid OID as determined by using the exchange rates on the date of the sale, exchange or retirement and the U.S. dollar value of accrued but unpaid OID as determined by the U.S. Holder under the rules described above under “*Original Issue Discount*”. Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. Holder’s purchase price of the Note in foreign

currency determined on the date of the sale, exchange or other disposition, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date the U.S. Holder acquired the Note. The foregoing foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange or other disposition of the Note, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. Holder in excess of any foreign currency gain or loss recognized on the sale, exchange or other disposition of a Note will generally be U.S.-source capital gain or loss (except to the extent such amounts are attributable to market discount, accrued but unpaid interest, or subject to the general rules governing contingent payment obligations). **Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or other disposition of a Note equal to the U.S. dollar value of the foreign currency at the time of the sale, exchange or other disposition. Gain or loss, if any, realized by a U.S. Holder on a sale, exchange or other disposition of that foreign currency will be ordinary income or loss and will generally be income or loss from sources within the United States for U.S. foreign tax credit limitation purposes.

In the event that a Series Event of Default occurs and less than the full principal amount of the Note is repaid, the character of the U.S. Holder's loss is unclear. Unless a specific Code provision applies, capital loss treatment applies only to sales or exchanges. It is possible that the Note could be treated as a worthless security, and thus the loss would be a capital loss for the holder under Section 165(g) of the Code. If the Note is not a worthless security, it could be treated as a bad debt under Section 166 of the Code in which case ordinary deduction for the loss would apply in the case of a corporate holder and short-term capital loss deduction would apply in the case of a non-corporate holder. **U.S. Holders of Notes should consult their own tax advisers concerning the treatment of any such loss under their specific circumstances.**

Contingent Payment Debt Instruments

If a Note is treated as a contingent payment debt instrument (CPDI), the Treasury Regulations governing the treatment of a CPDI (the **CPDI Regulations**) would cause the timing and character of income, gain or loss reported on a CPDI to substantially differ from the timing and character of income, gain or loss reported on a non-contingent payment debt obligation under general principles of current U.S. federal income tax law. In general, the CPDI Regulations require a U.S. Holder to include future contingent and non-contingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognized by a U.S. Holder on the sale, exchange or other disposition of a CPDI will be treated as ordinary income and all or a portion of any loss realized could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances).

Under the non-contingent bond method of the CPDI Regulations, for each accrual period prior to and including the maturity date of the Note, the amount of interest that accrues, as OID, equals the product of (i) the adjusted issue price and (ii) the comparable yield (adjusted for the length of the accrual period). This amount is rateably allocated to each day in the accrual period and is includable as ordinary interest income by a U.S. Holder for each day in the accrual period on which the U.S. Holder holds the Note. The adjusted issue price for this purpose is equal to the Note's Issue Price, increased by the interest previously accrued on the Note under the non-contingent bond method (as described above) and decreased by any non-contingent payment and the projected amount of any contingent payment previously made. The "comparable yield" is the annual yield that the Issuer would pay, as of the issue date, on a fixed rate debt instrument (non credit-linked) with terms equal to that of the Note. Amounts treated as interest under the foregoing rules are treated as OID for all U.S. federal income tax purposes.

Also under the non-contingent bond method of the CPDI Regulations, the Issuer would be required to determine a schedule (the **Schedule**) of the projected amounts of payments (the **Projected Payments**) on the Note. The Schedule must produce the comparable yield. If during any taxable year the sum of any actual payments (including the fair market value of any property received in that year) with respect to the Note for that taxable year (including, in the case of the taxable year which includes the maturity date of the Note, the amount of cash received at maturity) exceeds the total amount of the Projected Payments for that taxable year, the difference will produce a **net positive adjustment**, which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of the Projected Payments for that taxable year, the difference will produce a **net negative adjustment**, which will (i) reduce

the U.S. Holder's interest income with respect to the Note for that taxable year and (ii) to the extent of any excess after application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Note during the prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments).

If a Series Event of Default occurs and less than the original principal amount is repaid on the Note, the loss will be treated as an ordinary loss up to the amount of interest previously included in income (reduced to the extent such interest was offset by prior net negative adjustments), and the balance will be a capital loss. All gain on the sale of a Note treated as a CPDI is treated as interest income.

Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the CPDI rules to any of the Notes issued under the Programme.

Characterisation of the Notes as Equity

Distributions

Subject to the rules for passive foreign investment companies discussed below, the gross amount of any distribution by the Issuer of cash or property (including any amounts withheld in respect of any applicable withholding tax, but not including certain distributions, if any, of equity interests distributed *pro rata* to all shareholders of the Issuer) with respect to an equity interest of the Issuer will be taxable to a U.S. Holder as a dividend to the extent of the current and accumulated earnings and profits of the Issuer (computed based on U.S. federal income tax principles). The U.S. Holder will not be eligible for any dividends received deduction in respect of the dividend otherwise allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the U.S. Holder to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the equity interests. Distributions in excess of earnings and profits and such adjusted tax basis will be taxable to the U.S. Holder as capital gain from the sale or exchange of property. The Issuer does not currently intend to maintain calculations of its earnings and profits under U.S. federal income tax principles. If an issuer does not report to a U.S. Holder the portion of a distribution that exceeds earnings and profits for U.S. federal income tax purposes, the distribution will generally be taxable as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. Dividends paid by the Issuer will not be eligible for the reduced income tax rate applicable to certain U.S. non-corporate shareholders that receive "qualified dividends" paid by U.S. corporations and "qualified foreign corporations".

Dividends received by a U.S. Holder with respect to an equity interest in the Issuer will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. Subject to certain conditions and limitations, foreign country income tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. **The rules relating to foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit under their particular situation.**

Sale, Exchange or other Disposition of a Note Treated as Equity

In the case where a Note is treated as an equity interest in the Issuer for U.S. federal income tax purposes, a U.S. Holder generally will recognise capital gain or loss on the sale or exchange (including a redemption) of the Note equal to the difference between the amount realised on that sale or exchange and the U.S. Holder's adjusted tax basis in the Note. Such gain or loss will be capital gain or loss and will generally be treated as from sources within the United States. U.S. Holders should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

The redemption of the Notes will be treated as a sale of the redeemed Notes by the U.S. Holder (which is taxable as described in this section under "*Sale, Exchange or other Disposition of a Note Treated as Equity*") or, in certain circumstances, as a distribution to the U.S. Holder (which is taxable as described under "*Distributions*").

Status of the Issuer as a PFIC

The Issuer will be treated as a passive foreign investment company (PFIC) for U.S. federal income tax purposes. U.S. Holders of equity interests in the Issuer (PFIC stock), other than such U.S. Holders that make a timely "qualified electing fund" election will be subject to special rules applicable to PFIC stock.

A U.S. Holder of PFIC stock will be required to allocate to each day in its holding period with respect to the PFIC stock a *pro rata* portion of any distribution received on the PFIC stock which is treated as an **excess distribution** (generally, any distribution received by the U.S. Holder on the PFIC stock in a taxable year that is greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the PFIC stock). Any amount of an excess distribution (which term includes gain on the sale of stock) treated as allocable to a prior taxable year is subject to U.S. federal income tax at the highest applicable rate of the year in question, plus an interest charge on the amount of tax deemed to be deferred. For the foregoing purposes, a U.S. Holder who uses PFIC stock as security for a loan will be treated as having disposed of such PFIC stock. A U.S. Holder of PFIC stock will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of the stock of, any of its direct or indirect subsidiaries that are also PFICs.

QEF Election. A U.S. Holder of an equity interest in the Issuer may avoid the consequences described above by timely making a qualified electing fund election (the **QEF election**). A U.S. Holder that makes this election will be required in each taxable year to include (a) as long-term capital gain its *pro rata* share of the Issuer's net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss for the Issuer's taxable year ending with or within the U.S. Holder's taxable year) and (b) as ordinary income its *pro rata* share of the Issuer's ordinary earnings (i.e., the excess of current earnings and profits for such taxable year of the Issuer over such net capital gain), regardless of whether the Issuer distributes such amounts to the U.S. Holder. For these purposes, a U.S. Holder's *pro rata* share of the Issuer's ordinary income and net capital gain is the amount which would have been distributed with respect to the U.S. Holder's equity interest if, on each day during the taxable year of the Issuer, the Issuer had distributed to each Holder of an equity interest a *pro rata* share of that day's *pro rata* share of the Issuer's ordinary earnings and net capital gain for such year. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If the Issuer distributes the income or gain that was previously included in the U.S. Holder's gross income, such distributions will be non-taxable to the U.S. Holder. For the purposes of determining gain or loss on the disposition (including redemption or retirement) of PFIC stock, a U.S. Holder's initial tax basis in the PFIC stock (i.e., the U.S. Holder's cost for the PFIC stock) will be increased by the amount so included in gross income with respect to the PFIC stock and decreased by the amount of any non-taxable distributions on the PFIC stock. In general, a U.S. Holder making a timely QEF election will recognise, on the sale or disposition (including redemption and retirement) of PFIC stock, capital gain or loss equal to the difference, if any, between the amount realised upon such sale or disposition and its adjusted tax basis in such stock. Such capital gain or loss will be long-term if the U.S. Holder held the stock for more than one year on the date of disposition.

The QEF election is effective only if certain required information is made available by the Issuer. There can be no assurance that such information will be made available or presented by the Issuer that would be necessary in order for a U.S. Holder to make a QEF election with respect to PFIC stock of such Issuer.

Information Reporting Requirements. Under U.S. federal income tax law and regulations, certain categories of U.S. persons must file information returns with respect to their investment in the equity interests of a foreign corporation. U.S. Holders should consult their own tax advisers regarding any U.S. federal income tax information reporting requirements that are attributable to such U.S. Holder's ownership of the Notes.

Prospective purchasers should consult their own tax advisers regarding whether an investment in a Note will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.

Taxation of Non-U.S. Holders of the relevant Series of the Notes

Subject to the backup withholding rules discussed below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note or gain from the sale, exchange or other disposition of a Note unless: (i) that payment or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business within the United States; (ii) in the case of any gain realised on the sale, exchange or other disposition of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain U.S. expatriates. **Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of purchasing, owning and disposing of Notes.**

IRS Disclosure Reporting Requirements

Certain U.S. Treasury Regulations relating to section 6011 of the Internal Revenue Code (the **Disclosure Regulations**) meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations, it may be possible that certain transactions with respect to the Notes may be characterized as Reportable Transactions requiring a holder of Notes to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Notes should consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments on the Notes and proceeds of the sale, exchange or other disposition of the Notes to U.S. Holders. A U.S. Holder may be subject to backup withholding if it fails to furnish (usually on IRS Form W-9) the U.S. Holder's taxpayer identification number, to certify that such U.S. Holder is not subject to backup withholding, or otherwise to comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN) to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be refunded or claimed as a credit against such U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Prospective investors in the Notes should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

UNITED STATES ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and Section 4975 of the Code impose certain restrictions on (a) employee benefit plans subject to the prohibited transaction provisions of ERISA, (b) plans described in Section 4975(e)(1) of the Code, including individual retirement accounts or Keogh plans, or (c) any entities whose underlying assets include plan assets by reason of a plan's investment in such entities (each a **Plan**), and persons who have certain specified relationships to such Plans (**parties in interest**) under ERISA and **disqualified persons** under the Code (collectively, **Parties in Interest**). An insurance company's general account may be deemed to include assets of the Plans that invest in such account (e.g. through the purchase of a certain type of annuity contract), in which case the insurance company would be treated as a Party in Interest with respect to the investing Plan by virtue of such investment. ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA and prohibits certain transactions between a Plan and Parties in Interest with respect to such Plan.

The United States Department of Labor (**DOL**) has issued a regulation (29 C.F.R. 2510.3-101) concerning when the assets of a Plan will be considered to include the assets of an entity in which the Plan invests (the **Plan Asset Regulation**). This regulation provides that, as a general rule, the underlying assets and properties of corporations, partnerships, trusts and other entities in which a Plan purchases an "equity interest" will be deemed for purposes of ERISA to be assets of the investing Plan unless certain exceptions apply.

The Plan Asset Regulation defines an **equity interest** as any interest in an entity other than indebtedness under applicable local law which has no substantial equity features. By reason of the form of the Notes in respect of a Series and the probability of payment of principal and interest thereon (as evidenced by the ratings assigned to the Notes in respect of a Series by the rating agencies), the Issuer will not treat the Notes in respect of a Series offered hereby as equity interests for purposes of the Plan Asset Regulation.

Even assuming that the Notes in respect of the relevant Series will not be treated as equity interests under the Plan Asset Regulation, it is possible that an investment in such Notes in respect of the relevant Series by a Plan (or with the use of the assets of a Plan) could be treated as a prohibited transaction under ERISA or Section 4975 of the Code (e.g. the sale of the Notes in respect of the relevant Series or the extension of credit pursuant to the Notes in respect of the relevant Series). Such transaction, however, may be subject to a statutory or administrative exemption, including Prohibited Transaction Class Exemption (**PTCE**) 90-1, which exempts certain transactions involving insurance company pooled separate accounts; PTCE 95-60, which exempts certain transactions involving insurance company general accounts; PTCE 91-38, which exempts certain transactions involving bank collective investment funds; PTCE 84-14, which exempts certain transactions effected on behalf of a Plan by a **qualified professional asset manager**; and PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an **in-house asset manager**. Such exemptions may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment by a Plan.

Each purchaser of the Notes in respect of the relevant Series will be deemed to have represented and agreed that (i) either it is not purchasing or holding such Notes in respect of the relevant Series with the assets of any Plan or that one or more exemptions applies such that the use of such assets will not result in a prohibited transaction under ERISA or Section 4975 of the Code, and (ii) with respect to transfers, it will either not transfer such Notes in respect of the relevant Series to a transferee purchasing such Notes in respect of the relevant Series with the assets of any Plan, or one or more exemptions applies such that the use of such assets will not result in a prohibited transaction.

Plans that are governmental plans (as defined in section 3(32) ERISA and certain church plans as defined in section 3(33) ERISA) are not subject to requirements of ERISA or section 4975 of the Code but may be subject to other federal, state or local laws substantively similar to section 406 of ERISA or 4975 of the Code (**Similar Law**). Any such party purchasing Notes of a Series will be deemed to have represented and agreed by virtue of its acquisition and holding of the Notes of the relevant Series that it is not subject to such Similar Law. The sale of any Notes to any government plan or a church plan is in no respect a representation by any of the Issuer, the Programme Arranger, the Dealers and the applicable Series Note Trustee that such an investment meets all relevant legal requirements with respect to investments by such entities generally or any particular entity or that such an investment is appropriate for such entities generally or any particular such entity.

UNITED STATES LEGAL INVESTMENT CONSIDERATIONS

None of the Notes in respect of a Series will constitute **mortgage related securities** under the United States Secondary Mortgage Market Enhancement Act of 1984, as amended.

No representation is made as to the proper characterisation of the Notes in respect of a Series for legal investment purposes, financial institution regulatory purposes, or other purposes, or as to the ability of particular investors to purchase the Notes in respect of a Series under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of the Notes. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent the Notes in respect of a Series constitute legal investments or are subject to investment, capital or other restrictions.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Pursuant to a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated on or about 28 March 2006, the Programme Arranger and the Issuer have agreed a basis upon which Dealers in respect of a Series (as specified in the relevant Supplement) may agree to purchase Notes of a Series. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above.

The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Notes. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Programme Arranger and the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Notes under the Programme, as applicable. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer. Any Series MERCs and Series Residuals will be sold directly to GMAC-RFC Limited or any other party identified in the relevant Supplement and will not be subject to the arrangements under the Programme Agreement.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (or interests therein) will be deemed to have represented as follows:

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States, is not a U.S. person and is not purchasing (or holding) the Notes for the account or benefit of a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except as set forth in this section;
- (c) that the Issuer does not have any obligation to register the Notes under the Securities Act;
- (d) that, unless it holds an interest in a Reg S Note and is a person located outside the United States that is not a U.S. person and is not holding the Notes for the account or benefit of a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interest in the Notes, it will do so only (i) to the Issuer, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing the Notes for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (e) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Notes initially offered in the United States to QIBs (if any) will be represented by one or more Rule 144A Global Notes, and that Notes initially offered outside the United States in reliance on Regulation S (if any) will be represented by one or more Reg S Global Notes;
- (g) that the Notes represented by a Rule 144A Global Note (if any) and any Notes that were so represented prior to conversion into definitive form will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED

INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE SERIES AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE SERIES AGENCY AGREEMENT) AND OTHER THAN (1) TO THE ISSUER, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE SERIES AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A";

- (h) if it is a person located outside the United States that is not a U.S. person and is not holding the Notes for the account or benefit of a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the Issue Date), it will do so only (a)(i) outside the United States to a non-U.S. person that is not holding the Notes for the account or benefit of a U.S. person, in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Notes represented by a Reg S Global Note (if any) or that were so represented prior to conversion into definitive form will bear a legend to the following effect unless otherwise agreed by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SERIES AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE SERIES AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.";

and

- (i) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

No sale of Rule 144A Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or the approximate equivalent in another Specified Currency) principal amount of Rule 144A Notes.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Rule 144A Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Rule 144A Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Selling Restrictions

United States

Each Dealer appointed under the Programme Agreement will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act and Notes may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S, each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that it will not offer or sell any such Note (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act, including the prohibition on directed selling efforts in the United States under Rule 903(a)(2) of Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that it will send to each dealer to which it sells any such Note during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Note within the United States or to, or for the account or benefit of, U.S. persons. Until 40 days after the commencement of the offering of a Tranche of Notes, an offer or sale of any such Note within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Programme Agreement provides that selected Dealers, through their selling agents which are registered broker-dealers in the United States, may resell Notes in the United States to QIBs pursuant to Rule 144A under the Securities Act.

Each Dealer appointed under the Programme Agreement will be required to represent and agree that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited offers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Notes under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Notes in the United States.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

United Kingdom

Each Dealer appointed under the Programme Agreement will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or, in the case of the Issuer, would not, if it were not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer appointed under the Programme Agreement will be required to represent and agree that:

- (a) in respect of a local offer (within the meaning of Section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;
- (b) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Dealer acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) and, in the case of a Dealer acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (c) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, in Ireland, any document received by it in connection with the issue of such Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on.

General

Each Dealer appointed under the Programme Agreement will be required to represent and agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Series Note Trustee, the Security Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Series Note Trustee, the Security Trustee nor any of the Dealers will represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the relevant Supplement.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the board of directors of the Issuer dated 16 March 2006.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note, initially representing the Notes of such Tranche. The listing of the Notes of such Tranche will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500. Application has been made to the Irish Financial Services Regulatory Authority for Notes issued under the Programme to be admitted to trading on the Irish Stock Exchange's market for listed securities. The listing of the Programme in respect of Notes is expected to be granted on or about 29 March 2006.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available and may be inspected by physical or electronic means from the registered office of the Issuer and from the specified offices of the Series Paying Agents for the time being in London and in Dublin:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the balance sheet of the Issuer as at 28 March 2006;
- (c) the forms of the Global Notes, the Definitive Notes, the Coupons and the Talons (as applicable);
- (d) a copy of this Offering Circular;
- (e) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular, including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area, nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Series Principal Paying Agent as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference; and
- (f) each Transaction Document.

Clearing Systems

The Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Registered Global Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Notes cleared through DTC, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg and DTC are the entities in charge of keeping the records, as applicable. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041-0099.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Since 14 October 2005 (being the date of incorporation of the Issuer) there has been (a) no significant change in the financial or trading position of the Issuer and (b) no material adverse change in the financial position or prospects of the Issuer.

Litigation

The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings which may have or have had in the 12 months prior to the date hereof a significant effect on the financial position or profitability of the Issuer nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

Reports

The Series Trust Deed and the Intercreditor Deed provides that the relevant Series Note Trustee and the Security Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Series Trust Deed and the Intercreditor Deed, whether or not any such report or other information, or engagement letter or other document entered into by either the relevant Series Note Trustee or the Security Trustee and the relevant person in connection therewith contains any monetary or other limit on the liability of the relevant person.

GLOSSARY

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| 1970 Act | Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended) |
| 1999 Regulations | Unfair Terms in Consumer Contracts Regulations 1999, as amended |
| €, Euro or euro | the lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25 th March, 1957, as amended by, <i>inter alia</i> , the Single European Act of 1986 and the Treaty of European Union of 7 February 1992 and the Treaty of Amsterdam of 2 October 1997 establishing the European Community |
| £ or Sterling | the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland |
| \$, USD or US dollars | the lawful currency for the time being of the United States of America |
| Accrual Period | as defined in Condition 6 |
| Actual Redemption Funds | the meaning given in the relevant Supplement |
| Agency Terms | the terms to be incorporated into each Series Agency Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| Authorised Institution | means an institution authorised to take deposits under the Financial Services and Markets Act 2000 (as amended or replaced from time to time) whose short-term unsecured, unguaranteed and non-subordinated ratings are at least A-1+ from S&P, P-1 from Moody's and F1 from Fitch, provided always that where the amount standing to the credit of a Series Account, a GMAC-RFC Series Account or the Programme Account is less than 20 per cent. of the Principal Amount Outstanding of the relevant Series or of all Series (in the case of the Programme Account or the Collection Trust Account), then the short-term, unsubordinated, unguaranteed and unsecured rating of the institution required by S&P shall be at least A-1 |
| Available Capital Funds | means in respect of a Series, on any day during an Interest Period (including on a Determination Date), an amount represented by the amount standing to the credit of the relevant Series Principal Ledger at the close of business on the preceding day, less, in the period between the last Business Day of the month immediately preceding a Determination Date and the application of Actual Redemption Funds in respect of such Series (as defined in the relevant Supplement), (a) any commitments to purchase Substitute Mortgage Loans on the immediately succeeding Distribution Date and (b) the amount of such Actual Redemption Funds calculated on the relevant Determination Date |
| Available Revenue Funds | as defined the relevant Supplement |
| Balance | in relation to any Mortgage Loan and on any date, the original principal amount advanced to the Borrower plus any other |

disbursement, legal expenses, fee, charge or premium capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Mortgage Loan on or prior to such date (including, for the avoidance of doubt, capitalised interest) plus, in relation to a Mortgage Loan and the Mortgage relating thereto, any advance of further monies to the Borrower thereof on the security of the relevant Mortgage after the date of completion of such Mortgage Loan (including advances of any retention) less any repayments of such amounts

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| Bank Account Terms | the terms to be incorporated into each Series Bank Account Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| Basic Terms Modification | in respect of the Notes of any Series, the meaning given in Condition 14 and the applicable Series Trust Deed |
| BBR-Linked Mortgage Loans | Mortgage Loans under which interest accrues at the BBR-Linked Rate |
| BBR-Linked Rate | Bank of England base rate plus a fixed margin expressed as a fixed percentage over Bank of England base rate |
| Bearer Definitive Notes | Definitive Notes in bearer form |
| Bearer Global Notes | Global Notes in bearer form |
| Bearer Notes | the Bearer Global Notes and the Bearer Definitive Notes |
| Block Buildings Policy | GMAC-RFC's block buildings insurance policy |
| BO | bankruptcy order or its Scottish or Northern Irish equivalent. |
| Book-Entry Interests | a record of the beneficial interests in the Global Notes maintained by each of DTC, Euroclear and Clearstream, Luxembourg |
| Borrower | in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it |
| Business Day | the meaning given in Condition 6(b) |
| Calculation Agent | the meaning given in Condition 6(b) |
| Capped SVR Loans | the Mortgage Loans in any Series Portfolio which have terms providing for the mortgage rate to be at a variable rate subject to a cap over the Bank of England base rate or a cap on total interest rate |
| Cash Management Terms | the terms to be incorporated into each Series Cash Management Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| CCA | Consumer Credit Act 1974, as amended |
| CCJ | county court judgment or its Scottish or Northern Irish equivalent |

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| Certificate of Title | a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of the Seller or any originator other than the Seller in respect of each Property |
| CGT | Capital Gains Tax/United Kingdom taxation of Chargeable gains |
| Charged Assets | all assets of the Issuer and Securities Holdings subject to the Security created under the Security Deed |
| CL Mortgage | a Mortgage Loan advanced by a CL Originator |
| CL Originators | means a participating firm in GMAC-RFC's correspondent lending programme |
| Class | Notes which are identical in all respects (including as to listing) |
| Clearing Systems | Euroclear, Clearstream, Luxembourg and/or DTC and any additional or alternative clearing system as is approved by the Issuer, the Series Principal Paying Agent and the applicable Series Note Trustee or as may otherwise be specified in the applicable Final Terms |
| Clearstream, Luxembourg | Clearstream Banking, société anonyme or its successors |
| CML | Council of Mortgage Lenders |
| Code | the U.S. Internal Revenue Code of 1986, as amended |
| Collection Account Bank | Barclays Bank PLC |
| Collection Trust Account | an account held with the Collection Account Bank into which amounts representing receipts in respect of Mortgage Loans received other than by direct debit will be paid |
| Committed Further Advances | as defined in the relevant Supplement |
| Common Depository | the common depository for Euroclear and Clearstream, Luxembourg |
| Conditions | the terms and conditions of the Notes as supplemented by the Final Terms in respect of each Series |
| Consolidated Mortgage Loan | a Mortgage Loan consolidated with a Further Advance pursuant to the relevant Series Portfolio Purchase Agreement that has been repurchased by the Seller prior to making the Further Advance and which after such Further Advance has been made is sold back to the Issuer |
| Converted Mortgage Loan | a Mortgage Loan converted to another type of mortgage product by the relevant Series Servicer at the request of the Borrower |
| Corporate Services Agreement | the corporate services agreement dated on or about the Programme Date between the Corporate Services Provider and the Issuer (as amended and/or supplemented and/or restated from time to time) |
| Corporate Services Provider | Structured Finance Management Limited |
| Couponholders | the holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of Talons) |

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| Coupons | interest coupons attached to interest-bearing Bearer Definitive Notes |
| Coupon Stripping | when Detachable Coupons are separated from the Bearer Notes which they are attached to by crediting to the Euroclear or Clearstream, Luxembourg account (as the case may be) of the purchaser or purchasers of the Detachable Coupons a notional amount equal to the principal amount of the Bearer Notes from which the Detachable Coupons are separated |
| Currency Swap Rate | the USD Currency Swap Rate and the Euro Currency Swap Rate (as applicable to the relevant Series) |
| Day Count Fraction | in the case of Fixed Rate Notes, the meaning given in Condition 6(a) of the Conditions and in the case of Floating Rate Notes the meaning given in Condition 6(b) of the Conditions |
| Dealers | any dealers in respect of a Series appointed from time to time in accordance with the Programme Agreement which appointment may be for a specified issue or on an ongoing basis |
| Declaration of Trust | the declaration of trust dated 28 March 2001 over the GMAC-RFC Series Accounts and the Collection Trust Account, among others, given by GMAC-RFC Limited (as amended and supplemented from time to time) |
| Definitive MERCs | a certificate in respect of each MERC represented by the Global MERC, issued in registered form and serially numbered |
| Definitive Notes | the Notes in definitive form |
| Definitive Residuals | certificate in respect of each Residual represented by the Global Residual, issued in registered form and serially numbered |
| Designated Account | the meaning given in Condition 8 |
| Designated Bank | the meaning given in Condition 8 |
| Detachable Coupons | the interest coupons attached to interest-bearing Bearer Notes which may be separated from the Bearer Notes which they are attached to |
| Determination Date | as defined in the relevant Supplement |
| Determination Period | unless otherwise specified in the relevant Supplement, means in respect of a Distribution Date or Programme Distribution Date, as applicable, the period from and including the last Business Day of the month which precedes the last Distribution Date or Programme Distribution Date, as the case may be (and in the case of the first Determination Period, the period from and including the Programme Date in the case of the Programme or the relevant Series Issue Date) to but excluding the last Business Day of the month which precedes the Distribution Date or Programme Distribution Date in question |
| Discount BBR-Linked Mortgage Loans | Mortgage Loans, the BBR-Linked Rate of which has been discounted until a specified date |

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| Discount LIBOR-Linked Mortgage Loans | Mortgage Loans, the LIBOR-Linked Rate of which has been discounted until a specified date |
| Discounted Mortgage Loan | any Discount LIBOR-Linked Mortgage Loans, Discount BBR-Linked Mortgage Loans or Discount SVR Mortgage Loans which form part of the relevant Series Portfolio from time to time |
| Discount SVR Mortgage Loans | Mortgage Loans, the SVR of which has been discounted until a specified date |
| Distribution Date | as defined in the relevant Supplement |
| DOL | the United States Department of Labor |
| DTC | The Depository Trust Company |
| DTCC | The Depository Trust & Clearing Corporation |
| English Mortgage | a Mortgage secured over a Property located in England or Wales |
| English Mortgage Loans | a Mortgage Loan secured by an English Mortgage |
| ERISA | the United States Employee Retirement Income Security Act of 1974, as amended |
| Established Rate | the meaning given in Condition 5 |
| EURIBOR | Euro-Zone inter-bank offered rate |
| Euroclear | Euroclear Bank S.A./N.V. as operator of the Euroclear System or its successors |
| Euro Currency Swap Rate | the euro/Sterling exchange rate under the relevant Series Currency Swap Agreement |
| Exchange Act | U.S. Securities Exchange Act of 1934, as amended |
| Exchange Date | the date falling 40 days after a Temporary Global Note is issued whereupon interests in such Temporary Global Note will be exchangeable for interests in a Permanent Global Note or a definitive Bearer Note of the same series |
| Exchange Event | a specified event more particularly described on pages 48 and 50 upon which Book-Entry Interest will become exchangeable (free of charge) in whole (but not in part) for definitive Bearer Notes or definitive Registered Notes without interest coupons or talons attached |
| Exchange Notice | the notice which may be given by the Issuer from time to time in respect of a Series of Notes notifying the Noteholders that all unmatured coupons denominated in a Specified Currency (whether or not attached to the Notes) issued prior to a Redenomination Date will become void and exchangeable for replacement euro-denominated Notes and Coupons |
| Expected Differentials | in respect of a Series Discount Reserve, has the meaning given in the relevant Supplement |

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| Extraordinary Resolution | the meaning given in the applicable Series Trust Deed |
| Final Maturity Date | in respect of Notes of a Series has the meaning given in the applicable Final Terms |
| Final Terms | the final terms document which, with respect to each Tranche or Series of Notes to be admitted to the Official List and admitted to trading by the Irish Stock Exchange, are to be delivered to the IFSRA and the Irish Stock Exchange on or before the date of issue of the applicable Tranche of Notes |
| First Month Mortgage Loan | a Mortgage Loan in respect of which the first Monthly Payment has not yet fallen due by the second Business Day prior to the relevant Transfer Date and which otherwise meets the Transfer Conditions |
| First Title | First Title Insurance plc |
| Fitch | Fitch Ratings Limited or its successors |
| Fixed BBR-Linked Mortgage Loans | Mortgage Loans that are fixed rate Mortgage Loans which will convert to BBR-Linked Mortgage Loans on the expiry of the relevant fixed-rate period |
| Fixed Interest Period | the meaning given in Condition 6 |
| Fixed LIBOR-Linked Mortgage Loans | Mortgage Loans that are fixed-rate Mortgage Loans that will convert to LIBOR-Linked Mortgage Loans at the expiry of the relevant fixed-rate period |
| Fixed Rate Notes | Notes paying a fixed rate of interest on such date or dates as specified in the applicable Final Terms and on redemption which will be calculated on the basis of such Day Count Fraction as may be specified in the applicable Final Terms |
| Fixed SVR-Linked Mortgage Loan | Mortgage Loans that are fixed rate Mortgage Loan that will convert to SVR Mortgage Loans on the expiry of the relevant fixed-rate period |
| Floating Rate | the meaning given in the ISDA Definitions |
| Floating Rate Notes | Notes which bear interest at a rate determined: <ol style="list-style-type: none"> 1. on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or 2. on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or 3. on such other basis as may be specified in the applicable Final Terms |
| Floating Rate Option | the meaning given in the relevant ISDA schedule |
| foreign currency | a currency other than U.S. dollars |

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| Framework | Basel II: International Convergence of Capital Measurement and Capital Standards: a revised Framework |
| FSA | Financial Services Authority |
| FSMA | Financial Services and Markets Act 2000, as amended |
| Further Advance | a further advance made by GMAC-RFC Limited pursuant to the Series Portfolio Purchase Agreement in respect of a Mortgage Loan |
| Global Notes | the Temporary Global Notes, the Permanent Global Notes, the Reg S Global Notes and the Rule 144A Global Notes |
| GMAC-RFC Series Accounts | in respect of each Series, the segregated bank account in the name of GMAC-RFC Limited opened with the Collection Account Bank pursuant to the terms of the relevant Series Bank Account Agreement into which Borrowers under the Mortgage Loans in the relevant Series Portfolio will make all direct debit payments |
| Guidelines | the Non-Status Lending Guidelines for Lenders and Brokers issued by the OFT on 18 July 1997 (revised in November 1997) |
| HML | Homeloan Management Limited |
| HMRC | HM Revenue and Customs |
| holder of Notes | the same meaning as Noteholders |
| holders | the instrument holders |
| Holdings | RMAC Securities Holdings Limited |
| ICTA 1988 | the Income and Corporation Taxes Act 1988 |
| IFRS | International Financial Reporting Standards |
| IFSRA | Irish Financial Services Regulatory Authority |
| Insolvency Act | Insolvency Act 1986, as amended |
| Insolvency Event | <p>in respect of the Series Servicer means:</p> <ul style="list-style-type: none"> (a) an order is made or an effective resolution passed for the liquidation or winding up of the relevant entity; or (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or (c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or (d) the relevant entity is unable to pay its debts as they fall due |

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| Instrumentholder | the holder of any Instrument |
| Instruments | in respect of any Series the Notes and the MERCs and Residuals or any of them and, unless stated to the contrary, all the references in the Transaction Documents in respect of a Series to an Instrument shall be a reference to such Instrument whether in global or definitive form, or as specified in the relevant Supplement |
| Intercreditor Deed | the intercreditor deed dated the Programme Date between the Issuer, the Security Trustee and each of the Secured Creditors dated the Programme Date (as amended and/or supplemented and/or restated from time to time) |
| Interest Amount | the amount of interest payable in respect of each Specified Denomination for the relevant Interest Period |
| Interest Only Mortgage Loans | a Mortgage Loan in respect of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan with the entire principal amount being payable only upon the relevant maturity date |
| interest-only portion | in respect of a Part and Part Mortgage Loans the portion of such Mortgage Loan in respect of which the Borrower will only pay interest on until the date of the Mortgage Loan's maturity |
| Interest Period | the meaning given in Condition 6(b)(i) |
| Investment Mortgage Loans | Mortgage Loans offered by GMAC-RFC Limited exclusively for Investment Properties |
| Investment Properties | Properties held for investment purposes |
| Irish Stock Exchange | Irish Stock Exchange Limited |
| ISDA Definitions | the 2000 ISDA Definitions as published by the international Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes |
| ISDA Rate | the meaning given in Condition 6(b)(ii) |
| Issue Date | the issue date in respect of a Tranche or Series of Notes, as specified in the applicable Final Terms |
| Issue Price | the price at which the Notes are issued, which may be at par or at discount to, or premium over, par as specified in the applicable Final Terms |
| Issuer | RMAC Securities No. 1 Plc |
| Issuer Declaration of Trust | means the declaration of trust dated on or about the Programme Date in favour of Securities Holdings pursuant to which the Issuer will declare a trust over its assets as of that date |
| Land Registry | Land Registry of England and Wales |
| Lending Criteria | the lending criteria of the Seller or any Third Party Originator applicable to a Series Portfolio and set out in the relevant Series Portfolio Purchase Agreement |

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| LIBOR | London inter-bank offered rate |
| LIBOR-Linked Mortgage Loans | Mortgage Loans under which interest accrues at the LIBOR-Linked Rate |
| LIBOR-Linked Rate | LIBOR plus a fixed margin expressed as a fixed percentage over LIBOR |
| London Business Day | a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in London |
| Long Maturity Note | a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Distribution Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note |
| Margin | in respect of a Floating Rate Note, the percentage per annum (if any) as specified in the applicable Final Terms and subject to the Conditions |
| Master Definitions and Construction Schedule | the Master Definitions and Construction Schedule dated the Programme Date (as the same may be amended and/or supplemented and/or restated from time to time) |
| MERCs | mortgage early repayment certificates |
| Monthly Payment | the amount which the relevant Mortgage Conditions require a Borrower to pay each month in respect of that Borrower's Mortgage Loan |
| Moody's | Moody's Investors Service Limited or its successors |
| Mortgage | the legal charge, mortgage or standard security securing a Mortgage Loan |
| Mortgage Code | the mortgage code sponsored by the CML and policed by the Mortgage Code Compliance Board |
| Mortgage Conditions | all the terms and conditions applicable to a Mortgage Loan |
| Mortgage Early Repayment Amount | an amount repaid by a Borrower before the end of the mortgage term either in full or partial satisfaction of the Mortgage Loan |
| Mortgage Early Repayment Charge | the applicable early repayment charge paid by a Borrower on the payment of a Mortgage Early Repayment Amount calculated on the basis provided under the applicable Mortgage Conditions |
| Mortgage Loans | any mortgage loan (including, for the avoidance of doubt, any Scottish Mortgage Loan or Northern Irish Mortgage Loan) which is sold and assigned by the Seller to the Issuer from time to time under the terms of the Series Portfolio Purchase Agreement and referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's |

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| | obligations in respect of the same, but excluding any mortgage loan which is repurchased by the Seller |
| Non-Conforming Borrowers | Borrowers who (a) may previously have been subject to one or more County Court Judgements or Scottish or Northern Irish equivalents, Individual Voluntary Arrangements or Bankruptcy Orders or the Scottish equivalent (b) are self-employed; and/or (c) are otherwise considered by bank and building society lenders to be non-confirming borrowers |
| Northern Ireland Registries | Land Registry of Northern Ireland and the Registry of Deeds of Northern Ireland |
| Northern Irish Mortgage | a Mortgage secured over a Property located in Northern Ireland |
| Northern Irish Mortgage Loan | a Mortgage Loan secured by a Northern Irish Mortgage |
| Noteholders | means (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the person in whose name the Notes are registered |
| Notes | notes issued by the Issuer pursuant to the Programme |
| Offering Circular | means the Offering Circular dated 28 March 2006 |
| OFT | the Office of Fair Trading |
| OID | an original issue discount |
| Ombudsman | the Financial Ombudsman Service |
| Packagers | a network of authorised packagers approved by GMAC-RFC Limited through which GMAC-RFC Limited sources its mortgage business |
| Part and Part Mortgage Loan | a Mortgage Loan which by its terms allows the Borrower to effect (at its option) a separation of the repayable amounts into two portions, one in respect of which it will only pay interest until the date of the Mortgage Loan's maturity (the interest-only portion) and the other in respect of which the Borrower will make payments incorporating both interest and principal components (the repayment portion) |
| Payment Holiday | a period during which a Borrower is permitted under the Mortgage Conditions to suspend payments under a Mortgage Loan and will not therefore be in breach of the Mortgage Conditions by doing so |
| PECO Holder | RMAC PECO No. 1 Limited |
| Permanent Global Note | the Bearer Notes in permanent global form |
| Pool Factor | the meaning given in Condition 9(c) |
| Portfolio Purchase Terms | the terms to be incorporated into each Series Portfolio Purchase Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| POSD | point of sale decisioning, a web-based programme whereby brokers can complete and submit mortgage applications online |

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| Pre-Funded Mortgage Loan Amounts | proceeds from the issue of Series Notes deposited in the relevant Series Transaction Accounts to be applied in the future in order to acquire Pre-Funded Mortgage Loans |
| Pre-Funded Mortgage Loan Ledger | the Ledger in respect of the Pre-Funded Mortgage Loans into which all payments of Pre-Funded Mortgage Loan Amounts into the relevant Series Transaction Account will be recorded |
| Pre-Funded Mortgage Loans | if specified in the relevant Supplement, residential mortgage loans and their Related Security to be acquired after the initial Series Transfer Date on the dates specified in the relevant Supplement |
| Pre-Funded Mortgage Loans Interest Shortfall | the interest shortfall amount held in the relevant Series Account in connection with the deposit of Pre-Funded Mortgage Loan Amounts in the relevant Series Transaction Account |
| Principal Amount Outstanding | in respect of a Note, the principal amount of that Note on the relevant Issue Date thereof less principal amounts received by the relevant Noteholder in respect thereof |
| Principal Note Agreements | (a) Intercreditor Deed; (b) Series Intercreditor Deed Supplement; (c) Security Deed; (d) Security Deed Supplement; (e) Series Agency Agreement; and (f) Series Trust Deed, and Principal Note Agreement shall mean any one of those. |
| Programme | the Issuer's mortgage backed medium term note programme |
| Programme Account | a bank account opened by the Issuer with the Programme Account Bank for the purposes of the Programme and pursuant to the Programme Bank Account Agreement |
| Programme Account Bank | Barclays Bank PLC appointed under the Programme Bank Account Agreement |
| Programme Agreement | the agreement dated on or about 28 March 2006 (as may be amended from time to time) between the Issuer and the Dealers whereby the Dealers or any of them may from time to time agree to purchase Notes |
| Programme Arranger | Deutsche Bank AG, London Branch as arranger of the Programme |
| Programme Assets | assets of the Issuer not allocated to any Series pursuant to the terms of the Intercreditor Deed |
| Programme Bank Account Agreement | the programme bank account agreement dated on or about the Programme Date between the Issuer, the Programme Account Bank and the Security Trustee (as amended and/or supplemented and/or restated from time to time) |
| Programme Cash Management Agreement | the cash management agreement dated on or about the Programme Date between the Programme Cash Manager, the Programme Financial Servicer, the Issuer, the Programme Account Bank and the |

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| | Security Trustee (as amended and/or supplemented and/or restated from time to time) |
| Programme Cash Manager | GMAC-RFC Limited to be appointed pursuant to the terms of the Programme Cash Management Agreement |
| Programme Date | 29 March 2006 |
| Programme Distribution Date | 12 th June, September, December and March in each year unless such day is not a Business Day in which case it shall be the next following Business Day |
| Programme Documents | (a) Security Deed; (b) Intercreditor Deed; (c) Issuer Declaration of Trust (d) Programme Bank Account Agreement; (e) Programme Cash Management Agreement; (f) Corporate Services Agreement; and (g) Master Definitions and Construction Schedule |
| Programme Enforcement Notice | a notice deemed to be given if a Series Enforcement Notice and/or Series Acceleration Notice has been given in respect of all Series |
| Programme Financial Servicer | GMAC-RFC Limited pursuant to the terms of the Programme Cash Management Agreement |
| Programme Insolvency Event | the meaning given in Condition 12 |
| Programme Investor Report | the report in respect of the Programme Priority of Payments and the Programme Account to be prepared by the Programme Cash Manager pursuant to the terms of the Programme Cash Management Agreement |
| Programme Ledger | a Programme ledger in respect of amounts received from each Series and subsequently applied under the Programme Priority of Payments |
| Programme Priority of Payments | the meaning given on page 140 |
| Programme Secured Creditors | the Secured Creditors specified under the Programme Priority of Payments and any Series Secured Creditor that becomes a Programme Secured Creditor pursuant to the terms of the Intercreditor Deed |
| Programme Secured Liabilities | means in respect of the Programme, all present and future obligations and liabilities of the Issuer to the Programme Secured Creditors |
| Programme Tax Ledger | a ledger in respect of tax amounts provided for under each Series Priorities of Payments in respect of the tax liabilities of Securities Holdings and deposited in the Programme Account |
| Property | (in England and Wales) freehold or leasehold property or (in Northern Ireland) freehold or leasehold property or (in Scotland) a heritable property or a property held under a long lease which is, in each case, subject to a Mortgage |

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| Prospectus Directive | EC Directive 2003/71/EC |
| PTCE | Prohibited Transaction Class Exemption |
| QEF election | a qualified electing fund election |
| QIB | “qualified institutional buyer” (as defined in Rule 144A) |
| qualifying corporate bonds | the meaning given to that term in section 117 of the Taxation and Chargeable Gains Act 1992 (ICTA) |
| Quality Assurance Check | the check made by GMAC-RFC Limited on a sample basis with respect to an applicant’s income and other factors in the mortgage application |
| Rating Agencies | Moody’s, S&P and Fitch, and each a Rating Agency |
| ratings confirmation | confirmation by the Rating Agencies that certain actions proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not affect the then current ratings of the relevant Class of Notes |
| Reasonable Prudent Mortgage Lender | the Seller and/or the Series Servicer (as applicable), acting in accordance with the standards of a reasonably prudent residential mortgage lender lending to borrowers in England and Wales and/or Scotland and/or Northern Ireland, as the case may be, who generally satisfy the lending criteria of traditional sources of residential mortgage capital |
| receiver | any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to the Security Deed |
| Redenomination Date | means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders and which falls on or after the date on which the United Kingdom first participates in the third stage of the European economic and monetary union |
| Register | the register of holders of the Registered Notes maintained by the Series Registrar |
| Registered Definitive Notes | the Definitive Notes in registered form |
| Registered Global Notes | Rule 144A Global Notes and Reg S Global Notes |
| Registered Notes | the Notes in registered form |
| Registers of Scotland | the Land Register of Scotland and/or the General Register of Sasines |
| Registrar | the meaning given in Condition 8 |
| Reg S Global Notes | Notes in registered global form initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S |

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| Reg S Notes | Notes that are represented by a Reg S Global Note or that were so represented prior to exchange for Definitive Notes |
| regulated mortgage contract | pursuant to the FSMA regime, a contract where, at the time the contract was entered into: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first legal mortgage or (in Northern Ireland) a first ranking legal charge or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related party |
| Regulation S | Regulation S under the Securities Act |
| Related Security | in relation to each Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the relevant Series Portfolio sold to the Issuer |
| Relevant Date | in respect of any Note the date on which a payment in respect thereof first becomes due |
| Remote Processors | the meaning given on page 106 |
| Repayment Mortgage Loan | a Mortgage Loan, the repayment terms of which require monthly instalments covering both interest and principal such that by the stated maturity date for that Mortgage Loan the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid |
| Representations and Warranties | the representations and warranties set out in the relevant Series Portfolio Purchase Agreement |
| Reset Date | the meaning given to that term in the applicable ISDA Definitions |
| Residuals | residual certificates |
| Right to Buy Insurance | a full title insurance policy obtained by GMAC-RFC Limited from London & European Title Insurance Services Limited which allows GMAC-RFC Limited (and, prior to 31 October 2004, CL Originators) to complete RTB Loans without obtaining a deed of postponement from the relevant local authority or social landlord |
| RSA | the State of New Hampshire Revised Statutes |
| RTB Mortgage Loans | Mortgage Loans extended to Borrowers in connection with the purchase by these Borrowers of properties from a local authority or other social landlord under a "right to buy" scheme governed by the Housing Act 1985 or the Housing (Scotland) Act 1987 (as applicable) |
| Rule 144A | Rule 144A under the Securities Act |
| Rule 144A Global Notes | notes in registered global form initially offered and sold inside the United States to QIBs in reliance on Rule 144A |

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| Rule 144A Notes | Notes that are represented by a Rule 144A Global Note or that were so represented prior to exchange for Definitive Notes |
| S&P | Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., or its successors |
| Schedule | the schedule of the projected amounts of the Project Payments the Issuer is required to determine under the non-contingent bond method of the CPOI Regulations |
| Scottish Declaration of Trust | each declaration of trust (including any further declaration supplemental thereto) in relation to Scottish Mortgage Loans and their Related Security made pursuant to the relevant Series Portfolio Purchase Agreement by means of which the sale of such Scottish Mortgage Loans and their Related Security by the Seller to the Issuer and the transfer of the beneficial interest therein to the Issuer are given effect |
| Scottish Mortgage | a Mortgage secured over a Property located in Scotland |
| Scottish Mortgage Loan | a Mortgage Loan secured by a Scottish Mortgage |
| Scottish Supplemental Charge | a deed constituting fixed and (as applicable) floating security over the beneficial interest under any relevant Scottish Declaration of Trust granted by the Issuer in favour of the Security Trustee pursuant to the Security Deed |
| SEC | the U.S. Securities and Exchange Commission |
| Secured Creditors | means the Series Secured Creditors of all Series and the Programme Secured Creditors |
| Secured Liabilities | means all of the Series Secured Liabilities in respect of all Series and all of the Programme Secured Liabilities |
| Securities Act | U.S. Securities Act of 1933, as amended |
| Securities Holdings | RMAC Securities Holdings Limited |
| Securities Holdings Profit Ledger | a ledger in respect of the minimum profit of Securities Holdings provided for under the Series Priorities of Payments and deposited in the Programme Account |
| Security | means the Security Interests created in favour of the Security Trustee under or pursuant to the Security Deed |
| Security Deed | the security deed between the Issuer and the Security Trustee dated on or about the Programme Date (as amended and/or supplemented and/or restated from time to time) |
| Security Deed Supplement | supplement to the Security Deed entered into by the Issuer and the Security Trustee (including each Scottish Supplemental Charge) if any Series Additional Security will be created in respect of a Series |
| Security Interest | any mortgage, sub-mortgage, standard security, charge sub-charge, pledge, lien, assignment or assignation in security or other encumbrance, or security interest |
| Security Trustee | J.P. Morgan Corporate Trustee Services Limited |

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| Seller | GMAC-RFC Limited |
| Series | a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices |
| Series Acceleration Notice | a notice given by the Security Trustee to the Issuer following a Series Event of Default in respect of a particular Series declaring the Notes of that Series to be due and repayable |
| Series Account Bank | Barclays Bank PLC, unless specified otherwise in the relevant Supplement |
| Series Accounts | in respect of a Series, the Series Transaction Account(s), the Series GIC Account(s) and any other accounts specified in the relevant Supplement and the relevant Series Bank Account Agreement |
| Series Additional Security | the security granted to the Security Trustee by the Issuer pursuant to the Security Deed Supplement on any Issuer Date or Transfer Date |
| Series Agency Agreement | an agency agreement dated the relevant Issue Date in respect of a Series and made between the Issuer, the Series Agent Bank, the Series Principal Paying Agent, the Security Trustee and the other Series Agents from time to time (as amended and/or supplemented and/or restated from time to time) |
| Series Agent Bank | JP Morgan Chase Bank N.A., unless otherwise specified in the relevant Supplement |
| Series Agents | as defined in the relevant Supplement |
| Series Assets | the assets of the Issuer allocated to each Series pursuant to the Intercreditor Deed |
| Series Bank Account Agreement | a series bank account agreement dated the relevant Transfer Date between the Issuer, the Series Account Bank and the Security Trustee (as amended and/or supplemented and/or restated from time to time) |
| Series Cap Provider | as specified in the relevant Supplement |
| Series Cap Provider Downgrade Event | as defined in the relevant Supplement |
| Series Cash Management Agreement | in respect of a Series, the cash management agreement dated the relevant Series Issue Date and entered into by, among others, the Issuer and the Series Cash Manager (as amended and/or supplemented and/or restated from time to time) |
| Series Cash Manager | GMAC-RFC Limited, unless otherwise specified in the relevant Supplement |
| Series Collateral Ledger | in respect of a Series, a ledger in respect of any collateral provided by a Series Hedge Provider in accordance with the terms of the relevant Series Hedge Agreement |

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| Series Completion Mortgage Pool | in respect of a Series, a pool of mortgage loans acquired on the relevant Series Issue Date and its Related Security |
| Series Conditional Purchase Agreement | if specified in the relevant Supplement, the agreement whereby the relevant Series Conditional Purchaser will agree to conditionally purchase the relevant Class or Classes of Notes in such series in accordance with the terms thereof |
| Series Conditional Purchaser | as specified in the relevant Supplement |
| Series Credit Support Agreement | a series credit support agreement between the Issuer and a Series Credit Support Provider dated the relevant Issue Date as specified in the relevant Supplement |
| Series Credit Support Provider | as specified in the relevant Supplement |
| Series Currency Swap Agreement | as specified in the relevant Supplement |
| Series Currency Swap Counterparty | as specified in the relevant Supplement |
| Series Custody Account | in respect of a Series, if specified in the relevant Supplement, a custody account opened by the Issuer with the Series Account Bank in respect of investments to be made by or on behalf of the Issuer in respect of that Series |
| Series Deed of Accession to Declaration of Trust | in respect of a Series the deed of accession to the Declaration of Trust |
| Series Discounted Mortgage Loans | in respect of any Series the Discount LIBOR-Linked Mortgage Loans, the Discount BBR-Linked Mortgage Loans and the Discount SVR-Linked Mortgage Loans which form part of the relevant Series Portfolio |
| Series Discount Reserve | as defined in the relevant Supplement |
| Series Discount Reserve Ledger | if a Series Discount Reserve is specified in the relevant Supplement, a Series ledger in respect of the Series Discount Reserve |
| Series Discount Reserve Required Amount | the meaning given in the relevant Supplement |
| Series Documents | includes the following documents: <ul style="list-style-type: none"> (a) Series Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms and any Scottish Declarations of Trust); (b) Series Servicing Agreement (incorporating the Servicing Terms); (c) Series Standby Servicing Agreement (incorporating the Standby Servicing Terms); (d) Series Cash Management Agreement (incorporating the Cash Management Terms); (e) Series Intercreditor Deed Supplement; (f) Series Deed of Accession to Declaration of Trust; (g) Series Trust Deed; |

- (h) Series Agency Agreement (including, without limitation, the Agency Terms);
- (i) Series Bank Account Agreement (incorporating the Bank Account Terms);
- (j) Series Post Enforcement Call Option Agreement;
- (k) Scottish Declaration of Trust (if applicable);
- (l) Security Deed Supplement (if Series Additional Security created including any Scottish Supplemental Charges);
- (m) Series Issuer Declaration of Trust;
- (n) Series Hedge Agreements as specified in the relevant Supplement;
- (o) Series Credit Support Agreements as specified in the relevant Supplement (including any Series Liquidity Facility Agreement); and
- (p) Series Subordinated Facility Agreement as specified in the relevant Supplement

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| Series Effective Interest Margin | the weighted average margin above LIBOR (in the case of Discount LIBOR-Linked Mortgage Loans) or the Bank of England base rate (in the case of any Discount BBR-Linked Mortgage Loans or Discount SVR-Linked Mortgage Loans) charged to the relevant Borrowers during the period when discounts apply to Discounted Mortgage Loans within a Series Portfolio |
| Series Enforcement Notice | a notice given by the Security Trustee to the Issuer at the direction of the relevant Series Note Trustee following a Series Event of Default in respect of the relevant Series declaring the Security in respect of that Series to be enforceable |
| Series Event of Default | as defined in Condition 12 |
| Series Exchange Rate Agent | JPMorgan Chase Bank, N.A., unless otherwise specified in the relevant Supplement. |
| Series Further Advances Ledger | a Series ledger in respect of Committed Further Advances (as defined in the relevant Supplement) |
| Series GIC Account | a GIC account opened by the Issuer with the relevant Series Account Bank in relation to a Series in respect of investments to be made by or on behalf of the Issuer in respect of that Series |
| Series Hedge Agreement | a series credit hedge agreement between the Issuer and a Series Hedge Provider dated the relevant Issue Date as specified in the relevant Supplement |
| Series Hedge Collateral Ledger | the Series ledger in respect of any collateral provided by a Series Hedge Provider in accordance with the terms of the relevant Series Hedge Agreement |
| Series Hedge Provider | as specified in the relevant Supplement |
| Series Initial Mortgage Pool | in respect of a Series, the portfolio of Mortgage Loans listed in the appendix to the relevant Series Portfolio Purchase Agreement |

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| Series Intercreditor Deed Supplement | a supplemental deed to the Intercreditor Deed in connection with each sale of a Series Portfolio to the Issuer dated on or about the relevant Transfer Date |
| Series Interest Rate Cap Agreement | as defined in the relevant Supplement |
| Series Investor Report | a quarterly investor report prepared by each Series Cash Manager containing information as receipts from Series Assets as well as the administration of the Series Accounts and the Series Priorities of Payments in respect of each Series |
| Series Irish Paying Agent | J.P. Morgan Bank (Ireland) plc, unless otherwise specified in the relevant Supplement |
| Series Issuer Declaration of Trust | in respect of a Series, means the declaration of trust dated on or about the Series Issue Date in favour of Securities Holdings pursuant to which the Issuer will declare a trust over its assets related to the Series as of that date |
| Series Ledgers | the meaning given on page 130 |
| Series Liquidity Facility Agreement | as defined in the relevant Supplement |
| Series Liquidity Facility Provider | as defined in the relevant Supplement |
| Series Liquidity Ledger | if a Series Liquidity Facility Agreement is specified in the relevant Supplement, a Series ledger in respect of the Series Liquidity Facility |
| Series MER Loan | as defined in the relevant Supplement |
| Series MERCs | as defined in the relevant Supplement |
| Series Mortgage Early Repayment Charges Ledger | a Series Mortgage Early Repayment Charges ledger in respect of Mortgage Early Repayment Charges received in connection with Mortgage Loans in the related Series Portfolio |
| Series Noteholders | the holders of a Series of Notes |
| Series Note Trustee | J.P. Morgan Corporate Trustee Services Limited, unless otherwise specified in the relevant Supplement, appointed under the Series Trust Deed to act on behalf of the Noteholders of the relevant Series |
| Series Paying Agents | the Series Principal Paying Agent, the Series Irish Paying Agent and any other paying agent(s) which may be appointed under the Series Agency Agreement |
| Series Permitted Withdrawal | as defined on page 134 |
| Series Portfolio | a portfolio of residential Mortgage Loans purchased by the Issuer from the Seller pursuant to the terms of the relevant Series Portfolio Purchase Agreement |
| Series Portfolio Purchase Agreement | the portfolio purchase agreement between the Seller, the Issuer and the Security Trustee dated the relevant Transfer Date (as amended and/or supplemented and/or restated from time to time) |

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| Series Post-Enforcement Call Option | the meaning given on page 16 |
| Series Post-Enforcement Call Option Agreement | the call option agreement between the Issuer and the PECO Holder to be entered into in respect of each Series unless specified in the relevant Supplement |
| Series Post-Acceleration Priority of Payments | in respect of a Series, the meaning given in the relevant Supplement |
| Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments | in respect of a Series, the meaning given in the relevant Supplement |
| Series Pre-Acceleration Principal Priority of Payments | in respect of a Series, the meaning given in the relevant Supplement |
| Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments | in respect of a Series, the meaning given in the relevant Supplement |
| Series Pre-Funded Mortgage Loans | Mortgage Loans and their Related Security forming part of a Series Pre-Funded Mortgage Pool |
| Series Pre-Funded Mortgage Loans Ledger | if Pre-Funded Mortgage Loans are specified in the relevant Supplement, a ledger in respect of Pre-Funded Mortgage Loans in respect of amounts received on a Series Issue Date and deposited in the relevant Series Transaction Account for the purpose of future purchase(s) of Series Pre-Funded Mortgage Loans |
| Series Pre-Funded Mortgage Pool | if specified in the relevant Supplement, a further pool of residential mortgage loans and their Related Security to be acquired after the initial Series Transfer Date on the dates specified in the relevant Supplement |
| Series Principal Deficiency Sub-Ledgers | in respect of a Series, the meaning given in the relevant Supplement |
| Series Principal Deficiency Ledger | a principal deficiency ledger in respect of each Series |
| Series Principal Ledger | a Series principal ledger in respect of Actual Redemption Funds (as defined in the relevant Supplement) |
| Series Principal Paying Agent | JPMorgan Chase Bank N.A., unless otherwise specified in the relevant Supplement |
| Series Priorities of Payments | in respect of a Series, the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments, the Series Post-Enforcement Pre-Acceleration Revenue Priority of Payments, the Series Pre-Acceleration Principal Priority of Payments and the Series Post-Acceleration Priority of Payments, as set out in and unless otherwise specified in the relevant Supplement as defined in the relevant Supplement |
| Series Pro Rata Amount | the meaning given on page 128 |
| Series Referable Amount | the meaning given on page 129 |
| Series Registrar and Transfer Agent | unless specified otherwise in the relevant Supplement, the Series Registrar and Transfer Agent in respect of each Series will be J.P. |

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| | Morgan Bank Luxembourg S.A. pursuant to the terms of the relevant Series Agency Agreement. |
| Series Remarketing Agent | the meaning given on page 135 |
| Series Remarketing Agreement | the meaning given on page 135 |
| Series Reserve Fund | as defined in the relevant Supplement |
| Series Reserve Ledger | if a Series Reserve Fund is specified in the relevant Supplement, a Series ledger in respect of all amounts credited to the relevant Series Reserve Fund |
| Series Residuals | as defined in the relevant Supplement |
| Series Revenue Ledger | a Series revenue ledger in respect of Available Revenue Funds (as defined in the relevant Supplement) |
| Series Secured Creditors | the secured creditors of a Series and the Instrumentholders of the Series as specified in the applicable Series Priorities of Payments and the relevant Supplement |
| Series Secured Liabilities | means, in respect of a Series, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity) of the Issuer to the Series Secured Creditors of such Series, under the Instruments of such Series and the Transaction Documents applicable to such Series |
| Series Securities Holdings Profit Ledger | a Series ledger in respect of the minimum profit of Securities Holdings retained under the applicable Series Priorities of Payments |
| Series Security Trust | a security trust created on a Series by Series basis to which the Security created by the Security Deed is subject pursuant to the Intercreditor Deed |
| Series Servicer | GMAC-RFC Limited unless otherwise specified in the relevant Supplement |
| Series Servicer Report | a quarterly report in respect of the Mortgage Loans comprised in each Series Portfolio in the form prescribed by the Series Servicing Agreement delivered by the Series Servicer to the Issuer, the Security Trustee and the Rating Agencies |
| Series Servicing Agreement | a series servicing agreement between the Issuer, the Security Trustee and GMAC-RFC Limited in its capacity as Series Servicer dated the relevant Transfer Date (as amended and/or supplemented and/or restated from time to time) |
| Series Standby Servicer | the series standby servicer appointed in respect of a Series Portfolio under the terms of a Series Standby Servicing Agreement |
| Series Standby Servicing Agreement | a series standby servicing agreement between the Issue, the Security Trustee and the Series Standby Servicer dated the relevant Transfer Date (as amended and/or supplemented and/or restated from time to time) |
| Series Subordinated Facility Agreement | a series subordinated facility agreement between the Issuer and a Series Subordinated Facility Provider dated the relevant Issue Date |

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| | as specified in the relevant Supplement |
| Series Subordinated Facility Provider | as specified in the relevant Supplement |
| Series Subscription Agreement | in respect of a Series, the subscription agreement entered into by the Dealers and the Issuer in connection with the issue of the Series |
| Series Tax Ledger | a Series ledger in respect of tax amounts provided for under the relevant Series Priorities of Payments in respect of the tax liabilities of Securities Holdings |
| Series Tender Agent | the meaning given on page 136 |
| Series Transaction Account | in respect of each Series, a transaction account opened by the Issuer with the Series Account Bank pursuant to the relevant Series Bank Account Agreement |
| Series Transfer Agents | the Series Registrar and each transfer agent as appointed from time to time pursuant to each Series Agency Agreement |
| Share Trustee | SFM Corporate Services Limited |
| Series Trust Deed | a series trust deed between the Issuer and the Note Trustee dated on or about the relevant Issue Date (as amended and/or supplemented and/or restated from time to time) |
| Servicing Terms | the terms to be incorporated into each Series Servicing Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| Specified Currency | the currency specified in the applicable Final Terms |
| Stabilising Manager | any Dealer of any Series so named as stabilising manager in the applicable Final Terms |
| Standard Documentation | the documents used by the Seller in connection with its activities as residential mortgage lender in relation to a Series Portfolio as listed in Annex 5 of the relevant Series Portfolio Purchase Agreement and such other documents as may from time to time be substituted therefor or added thereto with the prior written approval of the Security Trustee |
| Standby Servicing Terms | the terms to be incorporated into each Series Standby Servicing Agreement (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| Star Loans | means the Near Prime Mortgage Loans for which the decision to lend is based on an applicant's credit history and for which the applicant does not need to state their income on the application form in relation to such Mortgage Loan. |
| Stepped Discount LIBOR-Linked Mortgages Loans | Mortgage Loans under which interest accrues at the LIBOR-Linked Rate subject to a discount which is reset by the Series Servicer on certain specified dates. Following the end of the last reset date the Mortgage Loans revert to the LIBOR-Linked Rate in accordance with the Mortgage Conditions |

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| Substitute Mortgage Loan | a substitute Mortgage Loan transferred to the Issuer by the Seller in the event that the Seller is required to repurchase a Mortgage Loan (other than in connection with a Further Advance) under the Series Portfolio Purchase Agreement and the Seller elects to satisfy its obligation by transferring such substitute Mortgage Loan pursuant to the terms of the relevant Series Portfolio Purchase Agreement |
| Supplement | the Supplement to the Offering Circular provided to investors in respect of a Series of Notes |
| SVR | an interest rate set at the discretion of the relevant Series Servicer |
| SVR Mortgage Loans | Mortgage Loans under which interest accrues at a variable rate where the interest rate is set by the discretion of the relevant Series Servicer, subject to a floor, calculated by reference to the general level of interest rates and competitive forces in the United Kingdom mortgage market |
| Talons | talons for further Coupons attached on the issue of Interest bearing definitive Bearer Notes (if indicated in the applicable Final Terms) |
| TARGET System | the meaning given in Condition 6 |
| Temporary Global Note | the Bearer Notes in temporary global form |
| Third Party Originator | an originator other than the Seller |
| Title Deeds | in relation to each Mortgage Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents (if any) which make up the title to the Property and the security for the Mortgage Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage |
| Tranche | one or more Classes of Notes identified in a Final Terms and issued on the same date |
| Transaction Documents | the Programme Documents and the Series Documents |
| Transfer Conditions | the conditions specified in the relevant Series Portfolio Purchase Agreement which the Mortgage Loans must satisfy before they can be included in the relevant Series Portfolio |
| Transfer Date | in respect of a Mortgage Loan, a Series Completion Mortgage Pool or a Series Portfolio, the date on which such Mortgage Loan, Series Completion Mortgage Pool or Series Portfolio is transferred to the Issuer by the Seller pursuant to the terms of the relevant Series Portfolio Purchase Agreement |
| Trust Terms | the terms to be incorporated into each Series Trust Deed (as amended from time to time) and signed for identification purposes by the Issuer, among others, on or about the Programme Date |
| USD Currency Swap Rate | the US dollar/Sterling exchange rate under the relevant Series Currency Swap Agreement |
| UTCCR | the 1999 Regulations and the Unfair Terms in Consumer Contracts Regulations 1994 |
| Variable Rate Note | a Note that: (a) has an Issue Price that does not exceed the total non-contingent principal payments by more than the lesser of (i) the product of (x) the total non-contingent principal payments, (y) the number of complete years to maturity from the issue date and (z) 0.015 |

per cent., or (ii) 15 per cent. of the total non-contingent principal payments; and

- (b) does not provide for stated interest other than stated interest compounded or paid at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate

Zero Coupon Notes

Notes which may be offered and sold at their nominal amount or at a discount to it and will not bear interest

ISSUER

RMAC Securities No.1 Plc
Eastern Gate
Brants Bridge
Bracknell
Berkshire RG12 9BZ

SECURITY TRUSTEE AND SERIES NOTE TRUSTEE

J.P. Morgan Corporate Trustee Services Limited
Trinity Tower
9 Thomas More Street
London E1W 1YT

SERIES PRINCIPAL PAYING AGENT AND SERIES AGENT BANK

JPMorgan Chase Bank N.A.
Trinity Tower
9 Thomas More Street
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To GMAC-RFC Limited and the Issuer

*As to English Law and
United States Law*

As to Scots Law

As to Irish Law

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To the Programme Arranger and the Dealers

As to English Law and United States Law

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To the Security Trustee and the Series Note Trustee

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PROGRAMME ARRANGER

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