RMAC 2005-NS4 PLC

(Incorporated in England and Wales with limited liability under Registered Number 05537605) A7.4.2 A7.4.3

MULTICURRENCY MORTGAGE BACKED FLOATING RATE NOTES

Notes	Initial Principal Amount	Interest Rate	Step-Up Interest Rate	Maturity Date	Issue Price to Investors
A1 Notes	USD 206,000,000	Note USD-LIBOR +0.08%	Note USD-LIBOR + 0.16%	December 2022	100%
A2 Notes	£80,000,000	Note LIBOR + 0.13%	Note LIBOR + 0.26%	December 2043	100%
A3 Notes	£158,760,000	Note LIBOR + 0.17%	Note LIBOR + 0.34%	December 2043	100%
M1 Notes	£14,800,000	Note LIBOR + 0.30%	Note LIBOR + 0.60%	December 2043	100%
M2 Notes	£12,400,000	Note LIBOR + 0.53%	Note LIBOR + 1.06%	December 2043	100%
B1 Notes	£14,040,000	Note LIBOR + 0.82%	Note LIBOR + 1.64%	December 2043	100%

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The Mortgage Backed Floating Rate Notes of RMAC 2005-NS4 Plc (the "**Issuer**") will comprise USD 206,000,000 A1 Notes (the "**A1 Notes**" or the "**USD Notes**"), £80,000,000 A2 Notes (the "**A2 Notes**"), £158,760,000 A3 Notes (the "**A3 Notes**" and the A3 Notes, together with the A1 Notes and the A2 Notes, the "**A Notes**"), £14,800,000 M1 Notes (the "**M1 Notes**"), £12,400,000 M2 Notes (the "**M2 Notes**" and together with the M1 Notes, the "**M Notes**"), £14,040,000 B1 Notes (the "**B1 Notes**" and the B1 Notes, together with the A Notes and the M Notes, the "**Offered Notes**"). The A2 Notes, the A3 Notes, the M1 Notes, the M2 Notes and the B1 Notes shall be together referred to as the "**Sterling Notes**". The holders of the A1 Notes shall be defined as the "**A1 Noteholders**", the holders of the A2 Notes shall be defined as the "**A2 Noteholders**" and the holders of the A3 Notes shall be defined as the "**A3 Noteholders**". The A3 Noteholders together with the A1 Noteholders and the A2 Noteholders shall be referred to as the "**A Noteholders**". The holders of the M1 Notes shall be defined as the "**M1 Noteholders**" and the holders of the M2 Notes shall be defined as the "**M2 Noteholders**" and together with the M1 Noteholders, the "**M Noteholders**". The holders of the B1 Notes shall be defined as the "**B1 Noteholders**". The holders of the Offered Notes shall be defined as the "**Offered Noteholders**".

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Interest is payable on the Offered Notes, beginning on 13 March 2006 and thereafter quarterly in arrear on the 12th day in June, September, December and March in each year, unless such day is not a Business Day, in which case interest shall be payable on the following Business Day (each such date, a "**Payment Date**"). Interest on the A1 Notes shall accrue at an annual rate of the London Interbank Offered Rate ("**LIBOR**") for deposits in US dollars ("**USD-LIBOR**") for three months US dollar deposits or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of USD-LIBOR for three months US dollar deposits and USD-LIBOR for four months US dollar deposits ("**Note USD-LIBOR**") plus 0.08 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note USD-LIBOR plus 0.16 per cent. per annum. Interest on the A2 Notes shall accrue at an annual rate of LIBOR for deposits in sterling for three months or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for three months sterling deposits and LIBOR for four months sterling deposits ("**Note LIBOR**") plus 0.13 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.26 per cent. per annum. Interest on the A3 Notes shall accrue at an annual rate of Note LIBOR plus 0.17 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.34 per cent. per annum. Interest on the M1 Notes shall accrue at an annual rate of Note LIBOR plus 0.30 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.60 per cent. per annum. Interest on the M2 Notes shall accrue at an annual rate of Note LIBOR plus 0.53 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 1.06 per cent. per annum. Interest on the B1 Notes shall accrue at an annual rate of Note LIBOR plus 0.82 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 1.64 per cent. per annum. The Offered Notes will be issued on or about 7 December 2005 (the "**Issue Date**").

In addition, on the Issue Date, the Issuer will issue to GMAC-RFC Limited Mortgage Early Repayment Certificates due 2043 (the "**MERCs**" and the holders thereof, the "**MERC Holders**") and Residual Certificates due 2043 (the "**Residuals**" and the holders thereof, the "**Residual Holders**"). The MERCs and Residuals are not being offered by this Offering Circular.

The period from (and including) a Payment Date (or the Issue Date) to (but excluding) the next (or first) Payment Date is an "**Interest Period**". The rate of interest payable from time to time (the "**Rate of Interest**") in respect of each class of the Offered Notes will be determined on each Payment Date (or in the case of the USD Notes, two Business Days prior to each Payment Date) or, in the case of the first Interest Period, the Issue Date (each an "**Interest Determination Date**").

All references herein to "**Offered Notes**" and "**Offered Noteholders**" are references to the specified Offered Notes and the holders thereof unless otherwise specified.

Prior to redemption on the Payment Date falling in December 2022 for the A1 Notes (the "**A1 Final Payment Date**") and prior to redemption on the Payment Date falling in December 2043 for the A2 Notes, the A3 Notes, the M1 Notes, the M2 Notes and the B1 Notes (the "**A2-B Final Payment Date**" and the A1 Final Payment Date and the A2-B Final Payment Date, each a "**Final Payment Date**"), the Offered Notes will be subject to mandatory and/or optional redemption in certain circumstances. The Issuer may not purchase any Offered Notes. See "*Terms and Conditions of the Offered Notes – Condition 5*".

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As a condition to the issue of the A Notes, the A Notes are anticipated to be rated Aaa by Moody's Investors Service Limited ("**Moody's**"), AAA by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), and AAA by Fitch Ratings Ltd ("**Fitch**" and, together with Moody's and S&P, the "**Rating Agencies**"). The M1 Notes are each anticipated to be rated AA+ by S&P, Aa3 by Moody's and AA+ by Fitch. The M2 Notes are each anticipated to be rated A+ by S&P, A2 by Moody's and A by Fitch. The B1 Notes are each anticipated to be rated BBB by S&P, Baa3 by Moody's and BBB by Fitch. The issue of the MERCs and the Residuals is not conditional upon a rating and the Issuer has not requested any rating of the MERCs or the Residuals.

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 by any of the Rating Agencies.

Holders of beneficial interests in the Offered Notes which are denominated in sterling held directly with The Depository Trust Company ("**DTC**") or through its participants must give advance notice to the Exchange Rate Agent (as defined below) 15 days prior to each Payment Date that they wish payments on such Offered Notes to be made to them in such respective currency outside DTC. If such instructions are not given, sterling payments on such Offered Notes will be

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exchanged for US dollars prior to their receipt by DTC and the affected holders will receive US dollars on the relevant Payment Date. See "*Description of the Offered Notes – Exchange Rate Agency Agreement and Denomination of Payments*".

The Offering Circular has been approved by the Financial Services Authority in its capacity as the competent authority for listing in the United Kingdom for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") (the "**UK Listing Authority**") as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures for the purpose of giving information with regard to the Issuer and the Offered Notes. Application has been made for the Offered Notes to be admitted to the Official List of the UK Listing Authority (the "**Official List**") and to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market regulated by the London Stock Exchange plc (the "**London Stock Exchange**"). The London Stock Exchange's Gilt Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EC. This document constitutes the prospectus (the "**Prospectus**") in connection with the application for the Offered Notes to be admitted to the Official List. Reference throughout the document to the "Offering Circular" shall be taken to read "**Prospectus**". No such applications have been or are being made in relation to the MERCs or the Residuals. Admission to the Official List together with admission to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market constitutes official listing on the London Stock Exchange. This document does not constitute a Prospectus with regard to the Residuals or the MERCs.

See "*Risk Factors*" below for a description of certain factors which should be considered by prospective investors in connection with an investment in the Offered Notes.

The date of this Offering Circular is 2 December 2005.

Credit Suisse First Boston **Deutsche Bank**

RFSC International Limited

The Offered Notes of each class sold in reliance on Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), will be represented on issue by global notes in registered form for each such class of Offered Note (the "**Rule 144A Global Notes**"). The Offered Notes of each class sold in reliance on Regulation S under the Securities Act ("**Regulation S**") will be represented on issue by global notes in registered form for each such class of Offered Note (the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "Global Notes").

The Issuer will maintain a register in which it will register in the name of (i) Chase Nominees Limited as nominee for JPMorgan Chase Bank, N.A., London office, as common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), as owner of the Reg S Global Notes and (ii) Cede & Co, as nominee for DTC as owner of the Rule 144A Global Notes. Transfers of all or any portion of the interest in the Global Notes may be made only through the register maintained by the Issuer. Each of DTC, Euroclear and Clearstream, Luxembourg will record the beneficial interests in the Global Notes ("**Book-Entry Interests**"). Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear or Clearstream, Luxembourg, and their respective participants. Except in the limited circumstances described under "*Description of the Offered Notes – Issuance of Definitive Notes*", the Offered Notes will not be available in definitive form (the "**Definitive Notes**"). Definitive Notes will be issued in registered form only. A13.4.4

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 OFFERED NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS. THE OFFERED NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE BENEFIT OR ACCOUNT OF, US PERSONS (AS DEFINED IN REGULATION S) 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 OFFERED NOTES WILL 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 OFFERED NOTES WILL ALSO BE CONTEMPORANEOUSLY OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-US PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE OFFERED NOTES UNDER STATE OR FEDERAL SECURITIES LAW.

THE OFFERED NOTES CANNOT BE RESOLD IN THE UNITED STATES OR TO US PERSONS UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES AND TRANSFERS, SEE "DESCRIPTION OF THE OFFERED NOTES - TRANSFERS AND TRANSFER RESTRICTIONS".

This Offering Circular is submitted to investors for use solely in connection with the consideration of the purchase of the Offered 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 the MERCs or the Residuals.

The Offered Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Offered Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of, GMAC-RFC Limited ("**GMAC-RFC**"), Deutsche Bank AG, London Branch, Credit Suisse First Boston (Europe) Limited (together with Deutsche Bank AG, London Branch, the "**Lead Managers**"), RFSC International Limited (together with the Lead Managers, the "**Managers**"), SFM Corporate Services Limited (in its capacity as corporate services provider, the "**Corporate Services Provider**" and, in its capacity as share trustee, the "**Share Trustee**"), Barclays Bank PLC (in its capacity as account bank, the "**Account Bank**", in its capacity as liquidity facility provider, the "**Liquidity Facility Provider**", in its capacity as GIC provider, the "**GIC Provider**" and in its capacity as MER Loan Provider, the "**MER Loan Provider**"), HSBC Bank plc (in its capacity as currency swap counterparty, the "**Currency Swap Counterparty**" and in its capacity as cap provider, the "**Cap Provider**"), JPMorgan Chase Bank, N.A., New York office (in its capacity as exchange rate agent, the "**Exchange Rate Agent**"), Homeloan Management Limited, in its capacity as standby administrator (the "**Standby Administrator**") or J.P. Morgan Corporate Trustee Services Limited as trustee (in such capacity, the "**Trustee**").

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The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of its knowledge and belief (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.

Each initial and subsequent purchaser of the Offered Notes will be deemed, by its acceptance of such Offered 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 Managers and the Trustee make no representation to any prospective investor or purchaser of the Offered 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*".

The Cap Provider accepts responsibility for the information contained in "*The Cap Provider and the Currency Swap Counterparty*". No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Cap Provider as to the accuracy or completeness of any information contained in this Offering Circular (other than A13.1.2

the information mentioned above) or any other information supplied in connection with the Offered Notes or their distribution.

The Account Bank, Liquidity Facility Provider, GIC Provider and MER Loan Provider respectively accepts responsibility for the information related to it contained in *"The Account Bank, Liquidity Facility Provider, GIC Provider and MER Loan Provider"*. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Account Bank, Liquidity Facility Provider, GIC Provider and MER Loan Provider 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 Offered Notes or their distribution. A13.1.2

The Currency Swap Counterparty accepts responsibility for the information contained in "*The Cap Provider and the Currency Swap Counterparty*". No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Currency Swap Counterparty 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 Offered Notes or their distribution. A13.1.2

PricewaterhouseCoopers LLP is responsible for the accountants' report included in this Offering Circular and declares that they have taken all reasonable care to ensure that the information contained in such accountants' report, to the best of their knowledge, is in accordance with facts and contains no omissions which might affect its content.

This Offering Circular does not constitute, and is not intended to be, an offer of, or an invitation by or on behalf of, the Issuer or the Managers to subscribe for or purchase any of the Offered Notes. The distribution of this Offering Circular and the offering of the Offered Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe such restrictions. For a description of certain further restrictions on offers and sales of the Offered Notes and distribution of this Offering Circular, see "*Purchase and Sale*" and "*Notice to Investors*". This Offering Circular does not constitute, and may not be used for the purposes of, an offer or solicitation by any person 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 Offered Notes or the distribution of this Offering Circular in any jurisdiction where such action is required.

The Managers have not 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 Managers as to the accuracy or completeness of the information contained in this Offering Circular. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Offered Notes. Any investor in the Offered Notes should be able to bear the economic risk of an investment in the Offered Notes for an indefinite period of time.

No person has been authorised to give any information or to make any representation concerning the issue of the Offered Notes other than those contained in this Offering Circular.

Nevertheless, if any such information is given by any broker, seller or any other person, it must not be relied upon as having been authorised by the Issuer or the Managers. Neither the delivery of this Offering Circular nor any offer, sale or solicitation made in connection herewith shall, in any circumstances, imply that the information contained herein is correct at any time subsequent to the date of this Offering Circular.

In this Offering Circular, unless otherwise noted, all references to specified percentages of the Mortgage Loans are references to those Mortgage Loans as a percentage of the aggregate principal balances of the Initial Mortgage Pool.

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

References in this Offering Circular to "**£**", "**Pounds**", "**sterling**" or "**Sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. References in this Offering Circular to "**€**", "**euro**" or "**Euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam. References in this Offering Circular to "**USD**", "**US dollars**" or "**$**" are to the lawful currency for the time being of the United States of America.

In connection with the issue of any class of the Offered Notes, Deutsche Bank AG, London Branch (in this capacity the "**Stabilising Manager**") or any person acting for it may over-allot the Offered Notes (provided that the aggregate principal amount of Offered Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant class of the Offered Notes) or effect transactions with a view to supporting the market prices of the Offered Notes (or any class of them) at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Any stabilising action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Offered 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 and 60 days after the date of allotment of the relevant class of the Offered Notes.

NOTICE TO US INVESTORS

This Offering Circular has been prepared by the Issuer solely for use in connection with the issue of the Offered Notes. In particular, it has not been prepared for use in connection with the issue of the MERCs or the Residuals. In the United States, this Offering Circular is personal to each person or entity to whom the Issuer, the Managers or an affiliate thereof has delivered it. Distribution in the United States of this Offering Circular to any person other than such persons or entities and those persons or entities, if any, retained to advise such persons or entities with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Offering Circular, agrees to the foregoing and not to reproduce all or any part of this Offering Circular.

Additionally, each purchaser of the Offered Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Circular under "Notice to Investors".

The Offered Notes have not been and will not be registered under the Securities Act or any state securities laws and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Offered Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Offered Notes, see "*Description of the Offered Notes*" and "*Notice to Investors*".

Offers and sales of the Offered Notes in the United States will be made by the Lead Managers through affiliates that are registered broker-dealers under the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

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. This authorisation to disclose the tax treatment and tax structure does not permit disclosure of information identifying the Issuer or any other party to the transaction (to the extent reasonably necessary to comply with securities laws) or the pricing (except to the extent pricing is relevant to the tax structure or tax treatment of the transaction). For the purposes of this paragraph, the tax treatment of this transaction is the purported or claimed US 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 US federal income tax treatment of this transaction.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Offered Notes pursuant to Rule 144A, for so long as any of the Offered 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 an Offered 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 Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

Information regarding the Offered Notes and the performance of the Mortgage Pool is intended to be made available to Offered 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 US courts, of civil liabilities predicated solely upon such securities laws.

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.

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 judgments 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 Offered 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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SUMMARY INFORMATION

The information set out below is a summary of the principal features of the issue of the Offered Notes. In addition to the Offered Notes, the Issuer will issue the MERCs and the Residuals to GMAC-RFC. The MERCs and the Residuals will be secured over the same property as the Offered Notes. The MERCs and the Residuals are not being offered by this Offering Circular, and this Offering Circular is not to be used in connection with the consideration of the purchase of any of the MERCs or the Residuals. This summary should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Offering Circular. A.7.5.2 A13.3

The Issuer

The Issuer's authorised share capital consists of 50,000 ordinary shares of £1 each. The issued share capital consists of 50,000 ordinary shares allotted with £12,502 paid up. All of the Issuer's issued share capital is held by RMAC Holdings Limited ("**Holdings**"). All of Holdings' issued share capital and all rights attaching thereto is held on trust by SFM Corporate Services Limited (the "**Share Trustee**") for the benefit of charitable institutions. A.7.5.2

The Mortgage Pool

Sale of Mortgage Pool

The Issuer has been established:

(a) to acquire on the Issue Date a pool (the "**Completion Mortgage Pool**") of residential mortgage loans together with the related security for their repayment, including the relevant mortgages and standard securities (the "**Related Security**") (each such mortgage loan, a "**Mortgage Loan**", and each such mortgage and standard security, a "**Mortgage**"); A8.3.3

(b) to acquire Consolidated Mortgage Loans (as defined under "*Administration of the Mortgage Pool – Further Advances and Substitution*");

(c) to acquire Substitute Mortgage Loans (as defined under "*Administration of the Mortgage Pool – Further Advances and Substitution*"); and

(d) to acquire further advances made by GMAC-RFC pursuant to the Mortgage Sale Agreement in respect of the Mortgage Loans ("**Further Advances**").

For the avoidance of doubt, reference herein to Mortgage Loans shall, where the context so requires, include the Consolidated Mortgage Loans, the Further Advances and the Substitute Mortgage Loans.

Each Mortgage is a mortgage of, or standard security over, a residential property in England, Wales, Scotland or Northern Ireland (a "**Property**").

The mortgage pool owned by the Issuer from time to time (the "**Mortgage Pool**") will comprise:

(a) the Completion Mortgage Pool purchased by the Issuer on the Issue Date pursuant to the mortgage sale agreement to be entered into on the Issue Date between the Issuer, GMAC-RFC and the Trustee (the "**Mortgage Sale Agreement**");

(b) each Substitute Mortgage Loan acquired by the Issuer in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement;

(c) each Consolidated Mortgage Loan acquired by the Issuer in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement (see "*Administration of the Mortgage Pool – Further Advances and Substitution*"); and

(d) any Further Advances (see "*Administration of the Mortgage Pool – Further Advances and Substitution*"),

other than Mortgage Loans in each case which have been repaid in full or in respect of which enforcement procedures have been completed or Mortgage Loans which have been repurchased by GMAC-RFC pursuant to the Mortgage Sale Agreement (see "*Sale of the Mortgage Pool – Warranties and Repurchase*").

The Completion Mortgage Pool will be selected from a larger pool (the "**Initial Mortgage Pool**"). As at 31 October 2005 (the "**Cut Off Date**"), the Initial Mortgage Pool has the characteristics described under "*The Mortgage Pool – Introduction*".

Most of the Mortgage Loans in the Initial Mortgage Pool have been originated by GMAC-RFC or a CL Originator (as defined under "***Origination Procedures and Monitoring of Brokers***").

GMAC-RFC also acquired 6.63 per cent. of the Mortgage Loans in the Initial Mortgage Pool by loan count (3.92 per cent. by balance) from RMAC 2000-NS1 Plc in March 2005 and from RMAC 2000-NS2 Plc and RMAC 1999-NS1 Plc in September 2005, all of which loans were originated by GMAC-RFC or the CL Originators.

0.84 per cent. by loan count (or 0.55 per cent. by balance) of the Mortgage Loans (the "**FM Mortgage Loans**") in the Initial Mortgage Pool were originated by Future Mortgages Limited or Future Mortgages 1 Limited (collective, "**FM**").

Mortgage Administration and Servicing

GMAC-RFC (in such capacity, the "**Administrator**", such term including the Standby Administrator) will be appointed under the terms of an administration agreement dated on or about the Issue Date between the Issuer, the Administrator and the Trustee (the "**Administration Agreement**"), to administer the Mortgage Loans and the Related Security, on behalf of, and as agent for, the Issuer and to manage all cash transactions and maintain cash management ledgers on behalf of, and as agent for, the Issuer and the Trustee.

Pursuant to the terms of the Administration Agreement, the Administrator is obliged to report on a regular basis to the Trustee and the Issuer regarding the status and the performance of the Mortgage Pool, the administration of the Mortgage Loans and other matters relating to its administrative functions as described in "*Administration of the Mortgage Pool*".

The Administrator has entered into an agreement with Homeloan Management Limited ("**HML**") regarding the sub-contracting out of administration services in relation to the mortgage loans the Administrator owns or administers on behalf of others, including the Mortgage Loans. See "*Administration of the Mortgage Pool*".

The Administrator will not be liable for any of the financial obligations of the Issuer, including any payments of principal or interest on the Offered Notes.

Homeloan Management Limited will be appointed as standby administrator under the terms of a standby administration agreement to be dated on or about the Issue Date and made between it, the Administrator, the Issuer and the Trustee (the "**Standby Administration Agreement**"), such that, if the appointment of GMAC-RFC as administrator is terminated, the Standby Administrator will assume the administration functions (see "*Homeloan Management Limited*" and "*Administration of the Mortgage Pool*" below).

The Trustee

J.P. Morgan Corporate Trustee Services Limited (with its registered office at 125 London Wall, London EC2Y 5AJ and head office at Trinity Tower, 9 Thomas More Street, London E1W 1YT) (the "**Trustee**") will be appointed pursuant to a trust deed (the "**Trust Deed**") to be entered into on or prior to the Issue Date between the Issuer and the Trustee to represent the interests of the Offered Noteholders, the MERC Holders, the Residual Holders and the other secured parties. The Trustee will hold for the benefit of, *inter alios*, the Offered Noteholders the security granted by the Issuer under the Deed of Charge. See "*Security for the Offered Notes*" below. A13.4.11

The Offered Notes, MERCs and Residuals

The USD 206,000,000 A1 Mortgage Backed Floating Rate Notes due 2022, the £80,000,000 A2 Mortgage Backed Floating Rate Notes due 2043, the £158,760,000 A3 Mortgage Backed Floating Rate Notes due 2043, the £14,800,000 M1 Mortgage Backed Floating Rate Notes due 2043, the £12,400,000 M2 Mortgage Backed Floating Rate Notes due 2043 and the £14,040,000 B1 Mortgage Backed Floating Rate Notes due 2043, the Mortgage Early Repayment Certificates and the Residual Certificates will be constituted by the Trust Deed and will share (subject to the priority described below) in the same security.

The A Notes will be secured by the same security that will secure the M1 Notes, the M2 Notes, the B1 Notes, the MERCS and the Residuals although, upon enforcement, the A Notes will rank in priority to the M1 Notes, the M2 Notes, the B1 Notes, the MERCs (other than as regards Mortgage Early Repayment Charges (as defined in "*Terms and Conditions of the MERCs*")) and the Residuals in point of security; the M1 Notes will rank in priority to the M2 Notes, the B1 Notes, the MERCs (other than as regards Mortgage Early Repayment Charges) and the Residuals but after the A Notes in point of security; the M2 Notes will rank in priority to the B1 Notes, the MERCs (other than as regards Mortgage Early Repayment Charges) and the Residuals but after the A Notes and the M1 Notes in point of security; the B1 Notes will rank in priority to the MERCs (other than as regards Mortgage Early Repayment Charges) and the Residuals, but after the A Notes, the M1 Notes and the M2 Notes in point of security. Payments under the MERCs will be made from amounts received by the Issuer in respect of Mortgage Early Repayment Charges. Such amounts will not be available, before or after enforcement of the security, for application towards repayment of amounts due to Offered Noteholders or Residual Holders. A13.4.6 A8.3.4.3

The A Notes will rank *pari passu* without preference or priority amongst themselves for all purposes (other than with respect to differing rates of interest being applicable to the A1 Notes, the A2 Notes and the A3 Notes), but will rank in priority to the M1 Notes, the M2 Notes and the B1 Notes, to the extent described in "*Terms and Conditions of the Offered Notes – Conditions 2 and 4(f)*", as to payment of interest and, to the extent described in "*Terms and Conditions of the Offered Notes – Condition 2*", as to payment of principal.

The M1 Notes will rank in priority to the M2 Notes and the B1 Notes, to the extent described in "*Terms and Conditions of the Offered Notes – Conditions 2 and 4(f)*", as to payment of interest and, to the extent described in "*Terms and Conditions of the Offered Notes – Condition 2*", as to payment of principal.

The M2 Notes will rank in priority to the B1 Notes, to the extent described in "*Terms and Conditions of the Offered Notes – Conditions 2 and 4(f)*", as to payment of interest and, to the extent described in "*Terms and Conditions of the Offered Notes – Condition 2*", as to payment of principal.

Utilisation of Mortgage Early Repayment Charges

The Mortgage Early Repayment Charges (if any) received by the Issuer in the Determination Period (as defined in "*Credit Structure – Discount Reserve*") immediately preceding the relevant Payment Date will be applied in repayment in full of all amounts due to the MER Loan Provider under the MER Loan Agreement (the "**MER Payments**"). Following payment in full of all amounts outstanding under the MER Loan Agreement, Mortgage Early Repayment Charges will be paid to the holders of the MERCs (the "**MERC Holder Payments**"). The MER Payments and MERC Holder Payments will be calculated on the Determination Date before each Payment Date. The amount advanced under the MER Loan Agreement (the "**MER Loan**") and the MERCs will be secured by the same security as the Offered Notes.

The MERCs

The MERCs constitute amounts payable to MERC Holders on a *pro rata* basis from Mortgage Early Repayment Charges (less any MER Payments then payable), received by the Issuer in respect of Mortgage Early Repayment Amounts. As all Mortgage Early Repayment Charges will be applied in or towards payment of amounts outstanding in respect of the MER Loan until the MER Loan has been repaid in full, no MERC Holder Payments will be made until all MER Payments have been made in full. Following the earliest to occur of redemption of all the Offered Notes or an enforcement of the Offered Notes pursuant to Condition 10 and disposal of the Mortgage Loans or the exercise by Holdings of the Post Enforcement Call Option, no termination payment or other amount (other than amounts then payable in respect of MERC Holder Payments) will be payable in respect of the MERCs and, following the payment of any amounts then payable in respect of MERC Holder Payments, the MERCs shall no longer constitute a claim against the Issuer. See "*Terms and Conditions of the MERCs*".

The Residuals

The Residuals will pay on each Payment Date such residual amount (the "**Residual Payment**") as is available for such purpose in accordance with the Pre-Enforcement Priority of Payments (following payment of or provision for all higher ranking items) divided by the number of Residuals existing on the Residual Determination Date prior to the relevant Payment Date.

The Residuals constitute amounts payable to the Residual Holders on a *pro rata* basis from amounts equal to the residual amount available for such purpose in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, following payment of or provision for all higher ranking items. Following the earliest to occur of redemption of all the Offered Notes or an enforcement of the Offered Notes pursuant to Condition 10 and payment by the Issuer of all sums to be applied pursuant to the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, or the exercise by Holdings of the Post Enforcement Call Option, no termination payment or other amount will be payable in respect of the Residuals and the Residuals shall no longer constitute a claim against the Issuer. See "*Terms and Conditions of the Residuals*".

Interest

Payments of interest on the Offered Notes shall be made on 13 March 2006 and thereafter quarterly in arrear on each Payment Date in respect of the Interest Period ending on that Payment Date.

Interest on the A1 Notes shall accrue at an annual rate of Note USD-LIBOR plus 0.08 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note USD-LIBOR plus 0.16 per cent. per annum. Interest on the A2 Notes shall accrue at an annual rate of Note LIBOR plus 0.13 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.26 per cent. per annum. Interest on the A3 Notes shall accrue at an annual rate of Note LIBOR plus 0.17 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.34 per cent. per annum. Interest on the M1 Notes shall accrue at an annual rate of Note LIBOR plus 0.30 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 0.60 per cent. per annum. Interest on the M2 Notes shall accrue at an annual rate of Note LIBOR plus 0.53 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 1.06 per cent. per annum. Interest on the B1 Notes shall accrue at an annual rate of Note LIBOR plus 0.82 per cent. per annum until the Step-Up Date and thereafter at an annual rate of Note LIBOR plus 1.64 per cent. per annum.

Where interest on the M1 Notes, M2 Notes or B1 Notes is not paid in accordance with the above paragraphs it will be deferred until such later Payment Date on which it can be paid in accordance with the Pre-Enforcement Priority of Payments and any amount of interest so deferred will itself accrue interest, but any such deferral will cease on the A2-B Final Payment Date, when all accrued interest will become due and payable. See "*Terms and Conditions of the Offered Notes – Condition 4(f)*".

Inter Creditor Rights/Conflicts of Interest

In respect of the interests of Offered Noteholders, the Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Offered Noteholders as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) but requiring the Trustee in any such case to have regard only to the interests of:

(a) the A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the A Noteholders and those of the M1 Noteholders and/or those of the M2 Noteholders and/or those of the B1 Noteholders and/or those of the MERC Holders and/or those of the Residual Holders;

(b) the M1 Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the M1 Noteholders and those of the M2 Noteholders and/or those of the B1 Noteholders and/or those of the MERC Holders and/or those of the Residual Holders;

(c) the M2 Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the M2 Noteholders and those of the B1 Noteholders and/or those of the MERC Holders and/or those of the Residual Holders;

(d) the B1 Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the B1 Noteholders and/or those of the MERC Holders and/or those of the Residual Holders;

(e) following redemption in full of the A Notes, the interests of the M1 Noteholders;

(f) following redemption in full of the A Notes and the M1 Notes, the interests of the M2 Noteholders;

(g) following redemption in full of the A Notes, the M1 Notes and the M2 Notes, the interests of the B1 Noteholders; and

(h) following redemption in full of the A Notes, the M1 Notes, the M2 Notes and the B1 Notes, the interests of the MERC Holders and the Residual Holders.

The Trust Deed and Condition 11 contain provisions (i) limiting the rights of the A1 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A2 Noteholders and the A3 Noteholders, (ii) limiting the rights of the A2 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A1 Noteholders and the A3 Noteholders and (iii) limiting the rights of the A3 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A1 Noteholders and the A2 Noteholders, in each case without prejudice to the rights of holders of each such class under Condition 9.

In addition, the Trust Deed and Condition 11 contain provisions limiting the powers of:

(a) the M1 Noteholders, the M2 Noteholders and the B1 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the A Noteholders;

(b) the M2 Noteholders and the B1 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the A Noteholders and/or the M1 Noteholders;

(c) the B1 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the A Noteholders and/or the M1 Noteholders and/or the M2 Noteholders.

Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of (a) the A Noteholders, the exercise of which will be binding on the M1 Noteholders, the M2 Noteholders, the B1 Noteholders, the MERC Holders and the Residual Holders; (b) the M1 Noteholders, the exercise of which will be binding on the M2 Noteholders, the B1 Noteholders, the MERC Holders and the Residual Holders; (c) the M2 Noteholders, the exercise of which will be binding on the B1 Noteholders, the MERC Holders and the Residual Holders; and (d) the B1 Noteholders, the exercise of which will be binding on the MERC Holders and the Residual Holders.

In respect of the interests of the MERC Holders and the Residual Holders, the Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the MERC Holders and the Residual Holders as regards all powers, trusts, authorities, duties and discretions of the Trustee. The Trustee may only be directed by the MERC Holders and/or the Residual Holders and any Extraordinary Resolution of the MERC Holders and/or the Residual Holders will only be effective if the Trustee is of the opinion that the effect of the same will not be materially prejudicial to the interests of any or all of the Offered Noteholders or its action is sanctioned by an Extraordinary Resolution of each class of Offered Noteholders and (in the case of the MERCs) the Residual Holders and (in the case of the Residuals) the MERC Holders.

The Conditions also contain provisions regarding certain of the Trustee's discretions and obligations in relation to enforcement, including parameters as to requests from classes of Noteholders for enforcement. See Condition 2(e), Condition 9 and Condition 10.

Withholding Tax

Payments of interest and principal with respect to the Offered Notes, MER Payments, MERC Holder Payments and Residual Payments will be subject to any applicable withholding taxes and neither the Issuer nor any Paying Agent will be obliged to pay additional amounts in relation thereto.

Redemption and Post Enforcement Call Option

Optional Redemption of Offered Notes

The Offered Notes are subject to redemption (in whole, but not in part and without the prior approval of the Offered Noteholders) (subject to the conditions set out in Condition 5) at their A13.4.6
principal amount outstanding (the "**Principal Amount Outstanding**") in each of the following circumstances:

(a) if on any Payment Date, the Issuer or any Paying Agent is obliged to make any withholding or deduction on account of tax from payments in respect of the Offered Notes, or in the event of certain tax changes affecting the Mortgage Loans comprising the Mortgage Pool at any time (see "*Terms and Conditions of the Offered Notes – Condition 5(e)*"); and

(b) at the option of the Administrator, on any Payment Date following the Payment Date on which the aggregate Principal Amount Outstanding of the Offered Notes is equal to or less than 10 per cent. of the initial aggregate Base Currency PAO of the Offered Notes (see "*Terms and Conditions of the Offered Notes – Condition 5(d)*"); and

(c) on the Step-Up Date or any Payment Date thereafter, provided that the Issuer shall have given not more than 60 days' nor less than 30 days' notice to the Trustee and that prior to giving any such notice the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have funds, not subject to any interest of any person, required to redeem the Offered Notes and any amounts required to be paid in priority to the Offered Notes.

"**Base Currency PAO**" means, in relation to the Offered Notes, the Principal Amount Outstanding in sterling of any Offered Note denominated in sterling, and/or the sterling equivalent of the Principal Amount Outstanding of the USD Notes, calculated using the USD Currency Swap Rate.

The term "**Optional Redemption**" refers to redemption of the Offered Notes under any of the foregoing circumstances or procedures.

Mandatory Redemption in Part

Prior to enforcement, the Offered Notes will be subject to mandatory redemption in part on each Payment Date in accordance with the Principal Priority of Payments and Condition 5(b) of "*Terms and Conditions of the Offered Notes*". Such mandatory redemption in part will be primarily caused by scheduled principal payments by the borrowers under the Mortgage Loans (the "**Borrowers**") and principal prepayments (whether voluntarily by the Borrowers, as a result of enforcement upon the related Property or otherwise).

Final Redemption

Unless previously redeemed, the Offered Notes will be redeemed on the applicable Final Payment Date in an amount equal in each case to its then Principal Amount Outstanding together with accrued and unpaid interest on the applicable Final Payment Date, as the case may be, in accordance with Condition 5(a) of "*Terms and Conditions of the Offered Notes*".

Cancellation of the MERCs and the Residuals

Subject to the prior payment to MERC Holders and Residual Holders of all amounts then payable to them at such time, the MERCs and Residuals will no longer constitute claims against the Issuer following a redemption of all (but not some only) of the Offered Notes.

Post Enforcement Call Option

The Trustee will, on the Issue Date, grant to Holdings an option (the "**Post Enforcement Call Option**") to acquire all (but not part only) of the M1 Notes, M2 Notes and B1 Notes (plus accrued interest thereon) without the prior approval of the Offered Noteholders for a consideration of one penny per M1 Note, M2 Note or B1 Note outstanding following any enforcement of the Security for the Offered Notes after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the M1 Notes, M2 Notes and B1 Notes and after the application of any such proceeds to the M1 Notes, M2 Notes and B1 Notes, to pay any further amounts due in respect of the M1 Notes, M2 Notes and B1 Notes. The Noteholders are bound by the terms of this Post Enforcement Call Option granted to Holdings pursuant to the terms and conditions of the Trust Deed and by Condition 5(i) of "*Terms and Conditions of the Offered Notes*" and the Trustee is irrevocably authorised to enter into the Post Enforcement Call Option with Holdings. If the Post Enforcement Call Option is exercised, the M1 Notes, M2 Notes and B1 Notes will be redeemed and the Issuer's obligations with respect thereto will be extinguished. See Condition 5(i) of "*Terms and Conditions of the Offered Notes*".

Ratings

As a condition to the issue of the A Notes, the A Notes are anticipated to be rated Aaa by Moody's, AAA by S&P and AAA by Fitch. The M1 Notes are each anticipated to be rated AA+ by S&P, Aa3 by Moody's and AA+ by Fitch. The M2 Notes are each anticipated to be rated A+ by S&P, A2 by Moody's and A by Fitch. The B1 Notes are each anticipated to be rated BBB by S&P, Baa3 by Moody's and BBB by Fitch. The issue of the MERCs and the Residuals is not conditional upon a rating and the Issuer has not requested any rating of the MERCs or the Residuals.

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 by any or all of the Rating Agencies.

Security for the Offered Notes, MERCs and Residuals

A13.4.6
A13.4.7

The security for the Offered Notes, the MERCs and the Residuals will be created pursuant to, and on the terms of, a deed of charge and assignment to be entered into between, *inter alios*, the Issuer and the Trustee and dated as of the Issue Date (the "**Deed of Charge**"), as amended or supplemented from time to time, in favour of the Trustee on trust for, *inter alios*, the holders of the Offered Notes, the MERCs and the Residuals.

The Offered Notes, MERCs and Residuals will be secured by first ranking fixed security interests over all the Issuer's interests, rights and entitlements under and in respect of:

(a) the Mortgage Loans and all monies derived therefrom and all other security for their repayment (including the relevant Mortgages);

(b) the Mortgage Sale Agreement;

(c) the Administration Agreement;

(d) the bank agreement entered into in relation to the GMAC-RFC Accounts, the Expenses Account, the Currency Account and the Issuer Transaction Account (the "**Bank Agreement**");

(e) the paying agency agreement to be entered into on or prior to the Issue Date between the Issuer, the Trustee, JPMorgan Chase Bank, N.A. as principal paying agent (the "**Principal Paying Agent**", which expression shall include its successors as paying agent), and as agent bank (the "**Agent Bank**", which expression shall include its successors as agent bank), J.P. Morgan Bank Luxembourg S.A. as Luxembourg paying agent (the "**Luxembourg Paying Agent**" and, together with the Principal Paying Agent, the "**Paying Agents**"), as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**") and the Trustee (the "**Paying Agency Agreement**");

(f) the liquidity facility agreement to be entered into on or prior to the Issue Date between the Liquidity Facility Provider, the Issuer and the Trustee (the "**Liquidity Facility Agreement**");

(g) the guaranteed investment contract to be entered into on or prior to the Issue Date between, *inter alios*, the Issuer, Barclays Bank PLC as GIC Provider and the Trustee (the "**Guaranteed Investment Contract**");

(h) the Interest Rate Cap Agreement (as defined in "*Credit Structure – Interest Rate Cap Agreement*") and the USD Note Currency Swap Agreement (as defined below);

(i) an account (the "**GIC Account**") in the name of the Issuer which is held at Barclays Bank PLC or such other banking institution with a rating of at least P-1 from Moody's, F1+ from Fitch and A-1+ from S&P;

(j) the Declaration of Trust and the relevant deed of accession (the "**Deed of Accession to the Declaration of Trust**");

(k) the corporate services agreement (the "**Corporate Services Agreement**") to be entered into on or prior to the Issue Date between, *inter alios*, SFM Corporate Services Limited (the "**Corporate Services Provider**"), the Share Trustee and the Issuer pursuant to which the Corporate Services Provider will agree to provide certain corporate services to the Issuer and Holdings;

(l) the Scottish Trust Property and any Additional Scottish Trust Property (as such terms are defined in the Mortgage Sale Agreement);

(m) the Issuer Transaction Account;

(n) the Currency Account;

(o) the Exchange Rate Agency Agreement;

(p) the MER loan agreement to be entered into on or prior to the Issue Date between the MER Loan Provider and the Issuer (the "**MER Loan Agreement**");

(q) the Issuer's interest in the insurance contracts entered into by Borrowers; and

(r) all other contracts, agreements, deeds and documents entered into by the Issuer from time to time.

The Offered Notes, MERCs and Residuals will also be secured by a floating charge (ranking after the fixed security referred to above) over the whole of the undertaking, property and assets and rights of the Issuer which are not, at any time, covered by the fixed security described above but extending over all of the Issuer's Scottish and Northern Irish assets, including those covered by fixed security. The fixed and floating charges are together the "**Security**", and such assets of the Issuer subject to the Security are together the "**Charged Assets**". As a matter of English law, certain of the charges which are expressed as fixed charges may only take effect as floating charges.

The Charged Assets will also secure amounts payable by the Issuer to the Offered Noteholders, the MERC Holders, the Residual Holders, any receiver, the Trustee, the

Administrator, the Account Bank, the Liquidity Facility Provider, the Currency Swap Counterparty, the GIC Provider, the Cap Provider, the MER Loan Provider, GMAC-RFC and the agents appointed under the Paying Agency Agreement and the Exchange Rate Agency Agreement, pursuant to the Trust Deed, the Administration Agreement, the Bank Agreement, the Liquidity Facility Agreement, the Guaranteed Investment Contract, the Interest Rate Cap Agreement, the MER Loan Agreement, the USD Note Currency Swap Agreement, the Mortgage Sale Agreement, the Paying Agency Agreement, the Exchange Rate Agency Agreement and the Deed of Charge (and any supplements thereto) according to their respective interests (the "**Secured Creditors**").

The Deed of Charge will contain provisions regulating the priority of application of the Charged Assets (and proceeds thereof) among the persons entitled thereto after the service of an Enforcement Notice by the Trustee. Such priorities are described in "*Terms and Conditions of the Offered Notes – Condition 2*".

Reserve Fund and Liquidity Facility

A Reserve Fund and a Liquidity Facility (each as more particularly described under "*Credit Structure*") will be available to the Issuer to make good certain shortfalls of funds available to the Issuer to meet its obligations as described under "*Credit Structure*".

Bank Accounts

The Borrowers under the Mortgage Loans will make all payments into one of two accounts in the name of GMAC-RFC (the two accounts are referred to as the "**GMAC-RFC Accounts**"). Amounts which represent receipts in respect of the Mortgage Loans and are received by direct debit will be swept on a daily basis into an account in the name of GMAC-RFC (the "**Collection Account**"). Amounts which represent receipts in respect of the Mortgage Loans and are received other than by direct debit will be transferred into the Collection Account on the business day following the day on which they were received. Amounts standing to the credit of the Collection Account which represent receipts in respect of the Mortgage Loans will be transferred daily from the Collection Account to an account (the "**Issuer Transaction Account**") in the name of the Issuer which is held at Barclays Bank PLC or such other banking institution with a rating acceptable to the Rating Agencies. Additionally, the Issuer will maintain a US dollar account at Barclays Bank PLC for holding funds in US dollars in connection with the USD Notes and the USD Note Currency Swap Agreement (the "**Currency Account**").

Pursuant to the terms of the Guaranteed Investment Contract, amounts standing to the credit of the Issuer Transaction Account will be transferred from such account to the GIC Account.

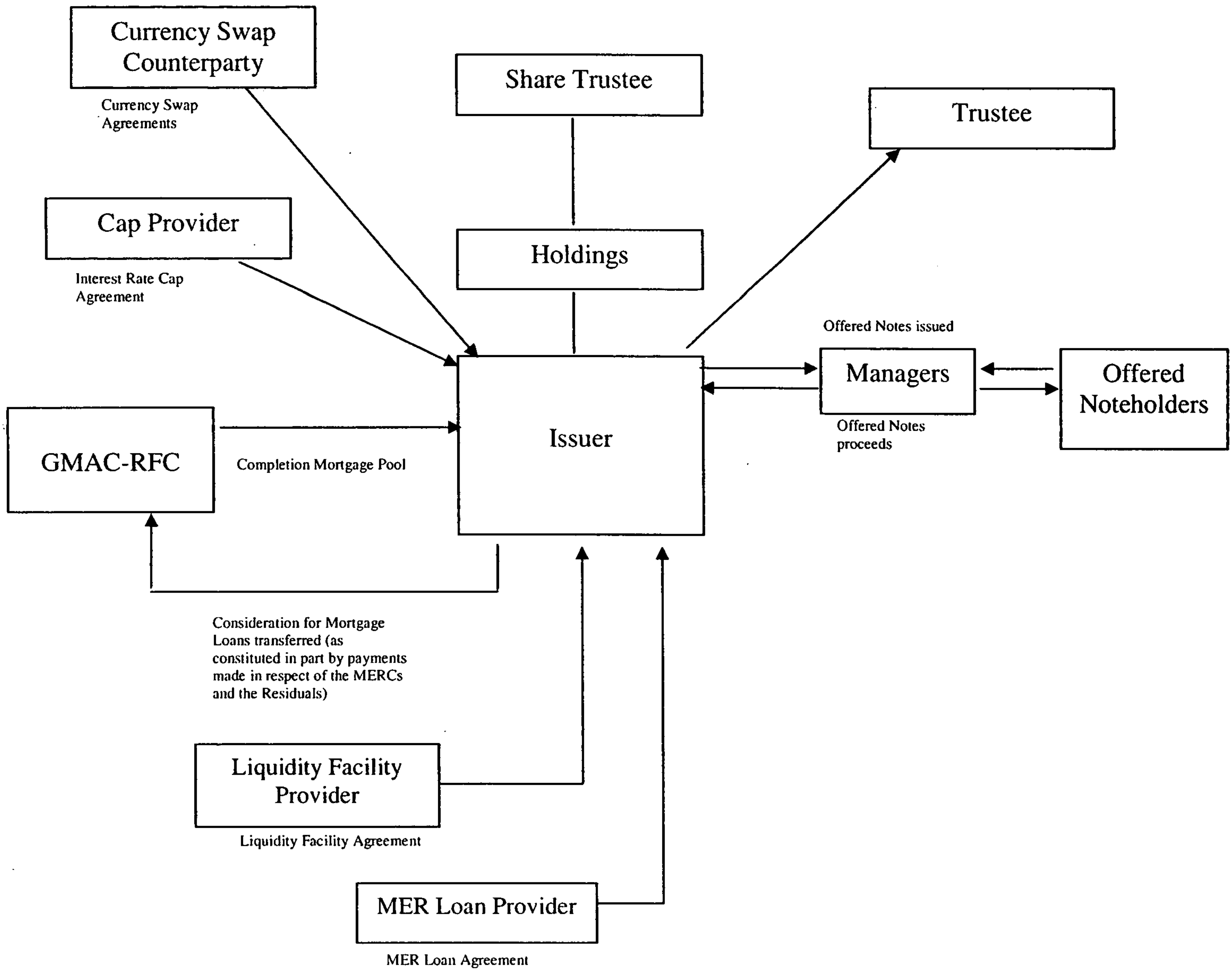
The USD Note Currency Swap Agreement

The Issuer will have the benefit of a currency swap agreement which will be subject to the terms of a separate agreement to be entered into between the Currency Swap Counterparty and the Issuer in the form of International Swaps and Derivatives Association, Inc. 1992 Master Agreements (Multicurrency- Cross Border) together with the relevant schedules and confirmations attached thereto (the "**USD Note Currency Swap Agreement**" in respect of the A1 Notes).

STRUCTURE DIAGRAM

A8.3.1

This structure diagram is an indicative summary of the principal features of the Notes, MERCs and Residuals at issuance. This structure diagram must be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Offering Circular.



RISK FACTORS

The following is a summary of certain aspects of the issue of the Offered Notes about which prospective investors should be aware, but it is not intended to be exhaustive. Prospective investors should carefully consider the risk factors set out in this summary, in addition to the other information contained in this Offering Circular, in evaluating whether to purchase the Offered Notes. A13.2 A7.3.1 A8.3.4.7

Risks Related to the Offered Notes

Non-Recourse Obligations

The Offered Notes represent obligations of the Issuer and do not constitute obligations or responsibilities of, or guarantees by, any other person (including GMAC-RFC, the Trustee, the Currency Swap Counterparty, the Account Bank, the Standby Administrator, the Exchange Rate Agent, the Administrator, the Managers, the Liquidity Facility Provider, the GIC Provider, the Cap Provider, the MER Loan Provider or any affiliates of any of the foregoing). The Issuer will rely solely on monies received or recovered on the Mortgage Loans (whether by way of monthly payments, enforcement, disposal of the Mortgage Loans or otherwise) or under the USD Note Currency Swap Agreement to enable it to make payments in respect of the Offered Notes.

Other than as provided in the Mortgage Sale Agreement, the Issuer and the Trustee will have no recourse to GMAC-RFC or any other entity (see "*Risks Related to the Mortgage Loans – Limitation of GMAC-RFC's Liability*" below).

Yield and Prepayment Considerations

The yield to maturity of the Offered 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 GMAC-RFC due to breaches of warranties under the Mortgage Sale Agreement or requests by Borrowers to convert their current Mortgage Loan to one of a different type) on the Mortgage Loans, the Further Advances and the price paid by the Offered Noteholders for the Offered 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 the Mortgage Pool will experience. See "*Weighted Average Lives of the Offered Notes*".

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 will have the same effect as a prepayment in full of such Mortgage Loans. A8.3.4.3

Subordination of the M1 Notes, the M2 Notes and the B1 Notes

To the extent set forth in "*Terms and Conditions of the Offered Notes – Condition 2*", (a) the M1 Notes are subordinate in right of payment to the A Notes; (b) the M2 Notes are subordinate in right of payment to the A Notes and the M1 Notes; and (c) the B1 Notes are subordinate in right of payment to the A Notes, the M1 Notes and the M2 Notes. See also "*Credit Structure – Subordination of the M1 Notes, M2 Notes and B1 Notes*".

In respect of the interests of Offered Noteholders, the Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Offered Noteholders as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) but requiring the Trustee in any such case to have regard only to the interests of:

(a) the A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the A Noteholders and those of the M1 Noteholders and/or those of the M2 Noteholders and/or those of the B1 Noteholders;

(b) the M1 Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the M1 Noteholders and those of the M2 Noteholders and/or those of the B1 Noteholders;

(c) the M2 Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the M2 Noteholders and those of the B1 Noteholders;

(d) following redemption in full of the A Notes, the interests of the M1 Noteholders;

(e) following redemption in full of the A Notes and the M1 Notes, the interests of the M2 Noteholders; and

(f) following redemption in full of the A Notes, the M1 Notes and the M2 Notes, the interests of the B1 Noteholders.

If, upon default by Borrowers and after exercise by the Administrator of all available remedies in respect of the applicable Mortgage Loans, the Issuer does not receive the full amount due from such Borrowers, Offered Noteholders may receive by way of principal repayment an amount less than the face amount of the Offered Notes and the Issuer may be unable to pay in full interest due on the Offered Notes. On any Payment Date, any such losses on the Mortgage Loans shall, to the extent that there are Available Revenue Funds sufficient to be applied towards items (vi), (viii), (x) and (xii) of the Pre-Enforcement Priority of Payments (or any of such items), be covered from such application of Available Revenue Funds and to the extent that such application of Available Revenue Funds is insufficient to cover such losses in full, such losses (or such amount thereof as has not been covered by application of Available Revenue Funds) will be allocated in the following manner: (a) first to the Reserve Fund, to the extent of the funds on deposit therein on such Payment Date; (b) secondly to the B1 Principal Deficiency Sub-Ledger, until the amount on such sub-ledger is equal to the B1 Note Principal Deficiency Limit; (c) thirdly to the M2 Principal Deficiency Sub-Ledger, until the amount on such sub-ledger is equal to the M2 Note Principal Deficiency Limit; (d) fourthly to the M1 Principal Deficiency Sub-Ledger, until the amount on such sub-ledger is equal to the M1 Note Principal Deficiency Limit; and (e) thereafter, to the A Principal Deficiency Sub-Ledger.

If a Borrower defaults under a Mortgage Loan and enforcement procedures eventually result in less than the full amount of the debt owed by that Borrower being recovered, then the Issuer will recognise a Principal Deficiency in respect of certain of the Offered Notes. Amounts of Available Revenue Funds will, to the extent that they are available at items (vi), (viii), (x) and/or (xii) of the Pre-Enforcement Priority of Payments, be allocated to reduce or eliminate the Principal Deficiency (in priority to making payment of junior ranking items in the Pre-Enforcement Priority of Payments) and applied in redemption of certain of the Offered Notes.

Optional Redemption

Although the Issuer is entitled to redeem the Offered Notes at its option in certain circumstances (as to which see "*Terms and Conditions of the Offered Notes – Condition 5*"), including on any Payment Date falling on or after the Step-Up Date, it is not obliged to do so. The ability of the Issuer to redeem the Offered Notes on the Step-Up Date will be dependent primarily upon its ability to sell or refinance the Mortgage Pool for an amount sufficient to enable the Issuer to make payments of all sums due to Offered Noteholders upon any such redemption. Accordingly, if the Issuer is unable to raise sufficient redemption funds, whether by sale or refinance of the Mortgage Pool or otherwise, the Issuer will not be able to exercise its rights of optional early redemption of the Offered Notes.

Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Offered Notes under the Trust Deed. After payment to the 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.

Cede & Co. will be considered the registered holder of the Rule 144A Notes as shown in the records of DTC, Euroclear or Clearstream, Luxembourg and will be the sole legal Noteholder of the Rule 144A Global Note under the Trust Deed while the Offered Notes are represented by the Global Notes.

Chase Nominees Limited will be considered the registered holder of the Reg S Notes as shown in the records of DTC, Euroclear or Clearstream, Luxembourg and will be the sole legal Noteholder of the Reg S Global Note under the Trust Deed while the Offered Notes are represented by the 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 Trust Deed.

Holders of beneficial interests in the Rule 144A Global Notes denominated in sterling held directly with DTC or through its participants must give advance notice to the Exchange Rate Agent 15 days prior to each Payment Date that they wish payments on such Rule 144A Global Notes to be made to them in sterling outside DTC. If such instructions are not given, sterling payments on the Rule 144A Global Notes will be exchanged for US dollars by the Exchange Rate Agent prior to their receipt by DTC and the affected holders will receive US dollars on the relevant Payment Date. See "*Description of the Offered Notes – Exchange Rate Agency Agreement and Denomination of Payments*".

Payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to Cede & Co. (as nominee of DTC) in the case of the Rule 144A Global Notes and to Chase Nominees Limited (as nominee of the Common Depository as depository for Euroclear and Clearstream, Luxembourg) in the case of the Reg S Global Notes. Upon receipt of any payment from the Principal Paying Agent, Euroclear and 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 Trustee, any Paying Agent or the Registrar (as defined in "*Terms and Conditions of the Offered Notes*") 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 Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Offered Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their 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 to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Offered Notes, holders of Book-Entry Interests will be restricted to acting through DTC, Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Offered Notes*". There can be no assurance that the procedures to be implemented by DTC, Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the 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 account holders 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 Trustee or any of their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Because transactions in the Rule 144A Global Notes will be effected only through DTC, direct or indirect participants in DTC's book-entry system and certain banks, the ability of a holder to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

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

Exchange Rate Risks

Repayments of principal and payments of interest on the USD Notes will be made in US dollars, respectively, by the Issuer, but payments will be received by the Issuer from the Borrowers under the Mortgage Loans in sterling. In order to mitigate the Issuer's currency exchange rate exposure, including any interest rate exposure connected with that currency exposure, the Issuer will enter into the USD Note Currency Swap Agreement with the Currency Swap Counterparty.

If the Issuer fails to make timely payments of amounts due under the USD Note Currency Swap Agreement, then it will have defaulted under that swap. The Currency Swap Counterparty is only obliged to make payments to the Issuer under the USD Note Currency Swap Agreement as long as the Issuer complies with its payment obligations under the USD Note Currency Swap Agreement. If the Issuer fails to make timely payments under the USD Note Currency Swap Agreement the Currency Swap Counterparty will have the right to terminate the USD Note Currency Swap Agreement.

If the Currency Swap Counterparty terminates the USD Note Currency Swap Agreement or if the Currency Swap Counterparty defaults in its obligations to make payments of amounts in US dollars equal to the full amount to be paid to the Issuer on the payment dates under the USD Note Currency Swap Agreement (which fall two Business Days (as defined in the USD Note Currency Swap Agreement) prior to the Payment Dates for the Offered Notes), the Issuer will be exposed to changes in dollar/sterling currency exchange rates and could have insufficient US dollar funds to enable it to make payments under the USD Notes.

If the Currency Swap Counterparty defaults under the USD Note Currency Swap Agreement, the Issuer will have the right under certain circumstances to terminate the USD Note Currency Swap Agreement. Upon such termination the Issuer is obliged to obtain a replacement swap. There can be no assurance that a suitable swap counterparty could be so obtained. Unless a suitable replacement swap is entered into, the Issuer would be exposed to currency exchange risks in connection with the USD Notes.

Shortfall arising from Discounted Mortgage Loans

The Initial Mortgage Pool contains Discounted Mortgage Loans. In order to address the Loan Expected Differential which will arise in respect of the Discounted Mortgage Loans in the Mortgage Pool, the Issuer will establish a Discount Reserve using part of the proceeds from the advance of the MER Loan (for the definition of terms used see "*Credit Structure – Discount Reserve*").

Termination Payments on the USD Note Currency Swap Agreement

If the USD Note Currency Swap Agreement terminates, the Issuer may be obliged to make a termination payment to the Currency Swap Counterparty. The amount of the termination payment will be based on the cost of entering into a replacement currency swap agreement. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment due under the USD Note Currency Swap Agreement.

Except where the Currency Swap Counterparty has caused the USD Note Currency Swap Agreement to terminate as a result of the Currency Swap Counterparty's own default or ratings downgrade, any termination payment due by the Issuer following termination of the USD Note Currency Swap Agreement (including any extra costs incurred (for example, from entering into "spot" currency or interest rate swaps) if the Issuer cannot immediately enter into a replacement currency swap agreement) will also rank *pari passu* to the relevant class of Offered Notes.

Therefore, if the Issuer is obliged to make a termination payment to the Currency Swap Counterparty or pay any other additional amounts as a result of the termination of the USD Note Currency Swap Agreement, this could affect the Issuer's ability to make timely payments on the Offered Notes.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

Limited Liquidity

There is not, at present, an active and liquid secondary market for the Offered Notes. There can be no assurance that a secondary market for the Offered Notes will develop or, if a secondary market does develop, that it will provide Offered Noteholders with liquidity of investment or that it will continue for the life of the Offered Notes. To date, no underwriter has indicated that they intend to establish a secondary market in the Offered Notes. In addition, Offered Notes sold in the United States may be subject to restrictions on transferability. See "*Notice to Investors*".

Interest Rate Matching

Interest on the Offered Notes is payable at a rate equal to Note LIBOR plus the applicable margin. Approximately 21.37 per cent. of the Mortgage Loans in the Initial Mortgage Pool by value accrue interest on the same basis as the Note LIBOR-linked Notes at a rate (which may be a discounted rate for a certain period) equalling a fixed margin over LIBOR (in some cases after the expiry of an initial fixed rate period). Approximately 78.63 per cent. of the Mortgage Loans in the Initial Mortgage Pool by value accrue interest at either a fixed rate for a term of up to 35 months, or at a rate equalling a fixed margin (which may be a discounted rate for a certain period thereafter) over the Bank of England base rate (in some cases after the expiry of an initial fixed rate period). In the event that the Bank of England base rate, the fixed rate and LIBOR diverge such that LIBOR is significantly higher than the Bank of England base rate and the fixed rate, the Issuer may not receive sufficient income from the Mortgage Loans linked to the Bank of England base rate or from the fixed rate loans to meet its obligations due under the Offered Notes.

8.2.2.2(b)

Risks Related to the Mortgage Loans

Lending Criteria

The Mortgage Pool will 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 equivalent ("**CCJs**"), Individual Voluntary Arrangements ("**IVAs**") or Bankruptcy Orders or the Scottish equivalent ("**BOs**"); (b) are self-employed; and/or (c) are otherwise considered by bank and building society lenders to be non- conforming borrowers ("**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 are more fully described in "*The Mortgage Pool – Lending Criteria*".

Limitation of GMAC-RFC's Liability

Neither the Managers, the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Mortgage Loans and their related Mortgages and the Issuer and the Trustee will rely instead on the warranties given by GMAC-RFC in the Mortgage Sale Agreement (the "**Warranties**"). The sole remedy provided for in the Mortgage Sale Agreement (subject to the relevant cure period as set out in the Mortgage Sale Agreement and save as described below) of each of the Issuer and the Trustee in respect of a breach of warranty which could have a material adverse effect on the relevant Mortgage Loan and related Mortgage (other than where such breach was disclosed and/or waived at the point of sale to the Issuer), shall be the requirement that GMAC-RFC repurchase, or substitute a Substitute Mortgage Loan in replacement for, any Mortgage Loan which is the subject of any breach, provided that this shall not limit any other remedies available to the Issuer and/or Trustee if GMAC-RFC fails to repurchase a Mortgage Loan, or substitute a Substitute Mortgage Loan when obliged to do so. There can be no assurance that GMAC-RFC will have the financial resources to honour such obligations under the Mortgage Sale Agreement. Such obligations are not guaranteed by nor will they be the responsibility of any person other than GMAC-RFC and neither the Issuer nor the Trustee will have recourse to any other person in the event that GMAC-RFC, for whatever reason, fails to meet such obligations. See "*Sale of the Mortgage Pool – Warranties and Repurchase*".

Collectability of Loans

The collectability of the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay Mortgage Loans.

In addition, the ability of the Issuer to dispose of a Property at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for the Property and property values in general at the time.

A.8.2.2.2(b)

Risks of Losses Associated with Declining Property Values

The Security for the Offered Notes consists of the Charged Assets. This Security may be affected by, among other things, 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 Offered Noteholders if such security is required to be 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 geographic distribution of the Mortgage Loans is not concentrated in any one region. However, the South East of England, Outer Metropolitan London and Greater London represent approximately 17.03 per cent., 9.58 per cent. and 8.50 per cent., respectively, of the total balance of Mortgage Loans in the Initial Mortgage Pool. Such concentrations may present risk considerations in addition to those generally present for similar mortgage backed securities without such concentrations. See "*Characteristics of the Initial Mortgage Pool*".

A8.2.2.16

Investors should be aware that, other than the valuation of Properties undertaken as at origination (as more fully described in "*The Mortgage Pool – Valuation*"), no revaluation of any Property has been undertaken by GMAC-RFC, the Issuer, the Administrator, the Trustee or any other person in respect of the transactions described in this document.

Risk of Losses Associated with Interest Only Mortgage Loans

A.8.2.2.2(b)

Approximately 52.03 per cent. of the Mortgage Loans by value constitute Interest Only Mortgage Loans (see "*Characteristics of the Initial Mortgage Pool*"). 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. GMAC-RFC 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 them. 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.

Risk of Losses Associated with Non-Owner Occupied Properties

169 of the Properties representing approximately 2.29 per cent. of the Mortgage Loans by value are not owner occupied. These Properties are generally rented to tenants by the relevant Borrowers. It is possible that the rate of delinquencies, enforcement 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 and it could be difficult to gain possession

of the Properties on enforcement of the relevant Mortgages. See "*Characteristics of the Initial Mortgage Pool*".

Realisation of Charged Assets and Liquidity Risk

The ability of the Issuer to redeem all the Offered Notes in full and to pay all amounts due to the Offered Noteholders, including after the occurrence of an Event of Default, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Offered Notes. There is not at present an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. It may not, therefore, be possible for the Issuer or, as the case may be, the Trustee or a receiver to sell the Mortgage Loans on appropriate terms should such a course of action be required.

Administration of the Mortgage Loans and Reliance on Third Parties

The Administrator has entered into an agreement with HML whereby HML provides certain mortgage settlement and related administration services to the Administrator in relation to the Mortgage Loans.

Notwithstanding the sub-contracting to HML or any other sub-contracting or delegation of the performance of any of its obligations under the Administration Agreement, the Administrator will remain primarily responsible for the performance of its obligations under the Administration Agreement. See "*Administration of the Mortgage Pool – Sub-Contracting by the Administrator*".

If the appointment of the Administrator is terminated under the Administration Agreement, it would be necessary for the Standby Administrator to assume the administration functions. The Standby Administrator would be required to assume responsibility for the provision of the administration services in accordance with the terms of the Administration Agreement. The ability of Standby Administrator to fully perform the required services would depend on the information, software and records available at the time of the relevant appointment.

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Offered Notes. In particular, but without limitation, the Liquidity Facility Provider has agreed to provide the Issuer with the Liquidity Facility, the Cap Provider has agreed to provide the Issuer with the Interest Rate Cap Agreement, the GIC Provider has agreed to provide the Issuer with the Guaranteed Investment Contract, the MER Loan Provider has agreed to provide the Issuer with the MER Loan Agreement and the Trustee, the Paying Agents, the Exchange Rate Agent, the Currency Swap Counterparty and the Agent Bank have all agreed to provide services with respect to the Offered Notes. In addition, the Administrator has entered into an agreement pursuant to which administration services in relation to the mortgage loans the Administrator owns or administers on behalf of others, including the Mortgage Loans, have been sub-contracted to a third party. If any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

Buildings Insurance

As a condition to its Mortgage Loans, GMAC-RFC requires that each Property is insured with an acceptable insurance company for its full (index linked) reinstatement value as stated in the valuation report. If a Borrower insures the Property under GMAC-RFC's block buildings insurance policy (the "**Block Buildings Policy**"), GMAC-RFC has the option to use any insurance proceeds to reinstate the Property or to use them to reduce or repay the relevant Mortgage Loan. However, if the Property is insured other than under the Block Buildings Policy, GMAC-RFC's interest is noted on the policy and any insurance proceeds received by the Borrower are held on trust for GMAC-RFC who has the option to use such insurance proceeds to reinstate the Property or to reduce or repay the relevant Mortgage Loan.

Title of the Issuer

Legal title to the substantial majority of the Mortgage Loans and (subject to registration at the Land Registry or Registers of Scotland or Northern Ireland Registries as applicable), their related mortgages is currently vested in GMAC-RFC.

Legal title to the Mortgage Loans and their related Mortgages will only be transferred to the Issuer in the limited circumstances described under "*Title to the Mortgage Pool*". Prior to the Issuer obtaining legal title to the Mortgages, a *bona fide* purchaser from GMAC-RFC for value of any of such Mortgage Loans without notice of any of the interests of the Issuer or the Trustee might obtain a good title free of any such interest. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee in this way is likely to be limited to circumstances arising from a breach by GMAC-RFC of its contractual obligations or fraud, gross negligence or mistake on the part of GMAC-RFC or the Issuer or their respective personnel or agents. Further, the rights of the Issuer and the Trustee may be or become subject to the direct rights of the Borrowers against GMAC-RFC. Such rights may include the rights of set-off which arise in relation to transactions or deposits made between certain Borrowers and GMAC-RFC and the right of the relevant Borrowers to redeem their Mortgages by repaying the relevant Mortgage Loan directly to GMAC-RFC. These rights may result in the Issuer receiving less monies than anticipated from the Mortgage Loans.

For so long as neither the Issuer nor the Trustee have obtained legal title, GMAC-RFC will undertake for the benefit of the Issuer and the Trustee that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their related Mortgages.

In order for legal title to be transferred to the Issuer, transfers and assignations would have to be registered or recorded at the Land Registry, the Land Register of Scotland or the Register of Sasines (the Land Register of Scotland and the Register of Sasines are collectively referred to as the "**Registers of Scotland**") or the Land Registry of Northern Ireland and the Registry of Deeds of Northern Ireland (the "**Northern Ireland Registries**") and notice would have to be given to Borrowers of the transfer. In GMAC-RFC's experience, it is not uncommon for Borrowers in the non-standard market who are notified of a change of ownership of their mortgage to cease to make monthly payments. There is no legal justification for Borrowers withholding payments because of a change in ownership of their mortgages. However, there can be no assurance that the giving of notice to Borrowers of the transfer to the Issuer would not have an adverse effect on cashflows and, accordingly, on the Issuer's ability to make payments in respect of the Offered Notes.

General Regulatory Considerations

A general description of the current regulatory environment affecting the UK residential mortgage market is set out herein under *"Regulation of the UK Residential Mortgage Market"*.

No assurance can be given that any relevant regulatory authority will not in the future take action or that future adverse regulatory developments will not arise with regard to the mortgage market in the UK generally, GMAC-RFC's particular sector in that market or specifically in relation to GMAC-RFC. Any such action or developments may have a material adverse effect on the Mortgage Loans, GMAC-RFC, the Issuer or the Administrator and their respective businesses and operations. In particular, the cost of compliance with any such regulation, action or requirement may adversely affect the ability of the Issuer to meet its financial obligations under the Paying Agency Agreement, the Trust Deed, the Deed of Charge, the Mortgage Sale Agreement, the Administration Agreement, the Guaranteed Investment Contract, the Bank Agreement, the Liquidity Facility Agreement, the Declaration of Trust and the Deed of Accession to the Declaration of Trust, the Interest Rate Cap Agreement, the USD Note Currency Swap Agreement, the Exchange Rate Agency Agreement, the Post Enforcement Call Option, the Corporate Services Agreement and the MER Loan Agreement (all together the "**Documents**").

Office of Fair Trading and Financial Services Authority

The Office of Fair Trading (the "**OFT**") is responsible for the issue of licences under the Consumer Credit Act 1974 (the "**Consumer Credit Act**") 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 the Initial Mortgage Pool are 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 the Initial Mortgage Pool are made on terms that provide for the mortgage rate to be at a fixed margin above the Bank of England base rate (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.

In view of mortgage regulation under the FSM Act by the Financial Services Authority ("**FSA**") (as described below), the FSA has agreed with the OFT to take responsibility for the enforcement of the Unfair Terms in Consumer Contracts Regulations 1999 (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.

Mortgage Loans Regulated by the FSM Act

The FSM Act requirements in respect of regulated mortgage contracts, which came into force on and from 31 October 2004 (the date known as "**N(M)**"), represent a major overhaul of mortgage regulation in the UK. Since then, regulated mortgage contracts have been subject to regulation by the FSA.

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. Any variation of a Mortgage Loan may fall within the regime insofar as, on or after 31 October 2004, it amounts to a new contract (and otherwise satisfies the definition of a regulated mortgage contract).

Each entity carrying on a regulated activity under the FSM Act 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 FSM Act concerning entering into 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. On or after N(M), no variation has been or will be made to any Mortgage Loans where it would result in the Issuer, the Trustee or the Administrator arranging or advising in respect of, administering or entering into a regulated mortgage contract (or agreeing to carry on any of these activities) if any of them would be required to be authorised under the FSM Act to do so and does not have such authorisation.

Any credit agreement intended to be regulated by the FSM Act 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 FSM Act, 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.

Under Section 150 of the FSM Act, 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 relevant Mortgage Loan or any other mortgage loan that the Borrower has taken. Any such claim or set-off may adversely affect the ability of the Issuer to make payments to the Offered

Noteholders. In the case of any such contravention by an authorised broker or other intermediary, the Borrower may claim such damages against that intermediary, not GMAC-RFC, and thus no such set-off against any Mortgage Loan will apply in that case.

So as to avoid dual regulation, it is intended that regulated mortgage contracts will not be regulated by the Consumer Credit Act. This exemption only affects credit agreements made on or after N(M), and credit agreements made before N(M) but subsequently varied such that a new contract is entered into on or after N(M) which constitutes a regulated mortgage contract. A court order is necessary, however, 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.

Approximately 93.60 per cent. by balance of the Mortgage Loans are designated as regulated mortgage contracts. Approximately 6.40 per cent. by balance of the Mortgage Loans are designated as unregulated by both the FSM Act and the Consumer Credit Act. Approximately 2 Mortgage Loans in the Initial Mortgage Pool are designated as regulated by the Consumer Credit Act.

Distance Marketing

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 originator and the borrower). A regulated mortgage contract under the FSM Act, if made by a UK 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 fourteenth day after the day on which the cancellable agreement is made or, if later, the borrower receives the last of the 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 originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower's sending notice of cancellation or, if later, the originator 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 to be treated as never having had effect for the cancelled agreement.

Unfair Terms in Consumer Contracts Regulations 1994 and 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 affect 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 "unfair" within the UTCCR and therefore not binding on the consumer and (b) the OFT, the FSA and any other "qualifying body" may seek to enjoin (or in Scotland, interdict) a business against relying on unfair terms, although the rest of the agreement will remain enforceable under the UTCCR 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 (for example, the Borrower's obligation to repay the principal), but may affect terms deemed to be ancillary terms, which may well include the ability to choose a substitute for LIBOR or the Bank of England base rate (as applicable) where LIBOR or the Bank of England base rate (as applicable) cannot be determined under the Mortgage Loan and other terms the application of which are in the lender's discretion, or the ability to impose a charge upon repayment by reference to the Mortgage Early Repayment Charges. See "*Administration of the Mortgage Pool – Repayment*".

For example, if a term imposing a charge upon redemption by reference to the Mortgage Early Repayment Charges is unfair, the Borrower will not be liable to pay the charge or, to the extent that he has paid it, will be able, as against GMAC-RFC or any assignee such as the Issuer, to claim restitution of the amount or to set off the amount of such claim against the amount owing by the Borrower under the relevant Mortgage Loan or any other mortgage loan that the Borrower has taken. Any such non-recovery, claim or set-off may adversely affect the ability of the Issuer to make payments to the Offered Noteholders.

In August 2002, the Law Commission and the Scottish Law Commission issued a joint consultation on proposals to consolidate the Unfair Contract Terms Act 1977 and the 1999 Regulations into a single piece of legislation, and a final report, together with a draft bill on unfair terms, 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, the FSA or any other qualifying body) of a standard term or a negotiated term, the burden of proof lies on the lender to show that the term is fair and reasonable. It is too early to tell how the proposals, if enacted, would affect the Mortgage Loans.

No assurance can be given that changes to the 1999 Regulations, if enacted, or changes to guidance on interest variation terms, if adopted, will not have a material adverse effect on the Mortgage Loans, GMAC-RFC, the Issuer or the Administrator and their respective businesses and operations.

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 "*Mortgage Pool – General and Lending Criteria Categories*".

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. See "*Regulation of the UK Residential Mortgage Market*".

Mortgage Loans Regulated by the Consumer Credit Act

Currently, a credit agreement is regulated by the Consumer Credit Act where (a) the borrower is or includes an individual; (b) the amount of "credit" as defined in that Act 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 as defined under that Act.

Any credit agreement intended to be regulated by the FSM Act or unregulated might instead be wholly or partly regulated by the Consumer Credit Act or treated as such because of technical rules on (a) determining whether any credit under the Consumer Credit Act arises, or whether the financial limit of that Act is exceeded; (b) determining whether the credit agreement is an exempt agreement under the Act; and (c) changes to credit agreements.

A credit agreement that is wholly or partly regulated by the Consumer Credit Act or to be treated as such has to comply with requirements 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 it is regulated by the Consumer Credit Act or to be treated as such, the credit agreement 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 is necessary, however, to enforce a land mortgage securing a credit agreement to the extent that it is regulated by the Consumer Credit Act or treated as such. In dealing with such applications, 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 Consumer Credit Act 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 to be 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 Consumer Credit Act (and might give rise to liability under Section 75 of that Act) 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 relevant Mortgage Loan or any other mortgage loan that the Borrower has taken. Any such claim or set-off may adversely affect the ability of the Issuer to make payments to the Offered Noteholders.

GMAC-RFC, the CL Originators and FM have interpreted certain technical rules under the Consumer Credit Act in a way which is common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or the Financial Ombudsman Service, then a credit agreement, to the extent that is regulated by the Consumer Credit Act 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 income of the Issuer. Court decisions have been made on technical rules under the Consumer Credit Act against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

In November 2002, the Department of Trade and Industry (the "**DTI**") announced its intention that a credit agreement will be regulated by the Consumer Credit Act 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 Consumer Credit Act and to secondary legislation made under it.

In June 2004, secondary legislation was made on: (a) amending requirements as to documentation of credit agreements, coming 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, coming into force on 31 May 2005; and (c) replacing the formula for calculating the maximum amount payable on early settlement with a formula more favourable to the borrower, coming into force on 31 May 2005 for new agreements, or 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 (the "**Bill**") proposing to amend the Consumer Credit Act by, *inter alia*: (a) changing the definition of a credit agreement regulated by the Consumer Credit Act 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 that Act or treated as such, it may be unenforceable totally. If these changes are enacted, then any Mortgage Loan made or changed such that a new contract is entered into after this time, other than a regulated mortgage contract under the FSM Act or other exempt agreement under the Consumer Credit Act, will be regulated by the Consumer Credit Act. Such Mortgage Loan will have to comply with requirements under the Consumer Credit Act 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.

The Bill also proposed to amend the Consumer Credit Act by: (a) strengthening the licensing regime; (b) changing the grounds for challenging a credit agreement, from "extortionate credit bargain", to "unfair credit relationship" between the lender and the borrower, with retrospective effect on existing agreements; and (c) extending the jurisdiction of Financial Ombudsman Service (as described below) to licence-holders under the Consumer Credit Act. The Bill lapsed with the dissolution of the UK Parliament on 11 April 2005 but was re-introduced in the UK Parliament on 18 May 2005 in similar form. The Bill could be enacted as soon as late in 2005, although the resulting amendments to the Consumer Credit Act would come into force on such days as the Secretary of State for Trade and Industry may appoint. Further proposals to amend the Consumer Credit Act and secondary legislation made under it are expected at an unspecified time.

Under the Mortgage Sale Agreement, GMAC-RFC will be obliged to repurchase any Mortgage Loan that is wholly or partly regulated or to be treated as such under the Consumer Credit Act 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 European Directive on Consumer Credit

In September 2002, the European Commission published a proposal for a directive of the European Parliament and of the Council on consumer credit. The proposal includes (among other things) specific documentation and procedural requirements in respect of loan origination and administration; for example, a key requirement under the proposed directive is that each further advance must be subject to new underwriting and a new contract. Penalties for non-compliance with these requirements will be determined by the member states, and may include provision that credit agreements that do not comply will be unenforceable against the borrower.

In its original form, the proposed directive will not apply to residential mortgage loans for home purchase or home improvement, other than loans where all or part of the mortgage credit is for equity release, such as a further advance. Additionally, in its original form, the proposed directive will not apply to residential mortgage loans originated before national implementing legislation comes into force, with exceptions; for example, the requirement for new underwriting will apply to any further advance made after national implementing legislation comes into force.

There has been significant opposition from the European Parliament to the original form of the proposed directive, and in January 2004, the European Parliament published a re-drafted form of the proposed directive. In its re-drafted form, the proposed directive will not apply to any loan secured by a mortgage on land. In October 2004, the European Commission published an amended form of the proposed directive. In this amended form, the proposed directive will apply to any loan secured by a mortgage on land that includes an equity release element and is not over Euro 100,000, but is unclear whether it will apply to a further advance made after the implementation date under a contract existing before the implementation date.

The DTI published in February 2005 a consultation paper on the European Commission's amended form of the proposed directive, and in June 2005 a summary of responses to this consultation. In July 2005, the European Commission published a Green Paper on mortgage credit, in which it announced its intention that loans secured by a mortgage on land will be excluded from the proposed directive but will be covered by any initiatives resulting from the Green Paper process. In October 2005, the European Commission published a further amended form of the proposed directive, which provides that (subject to certain exceptions) loans not exceeding Euro 50,000 will be regulated, but that loans secured by a land mortgage will be excluded from the proposed directive. The proposed directive, which may be substantially amended before it is brought into effect, is unlikely to come into force before mid-2006, and member states will then have a further two years in which to bring national implementing legislation into force.

It is too early to predict what effect the adoption and implementation of the proposed directive, or of any initiatives resulting from the Green Paper process, would have on the Mortgage Loans, GMAC-RFC, the Issuer or the Administrator and their respective businesses and operations. No assurance can be given that the finalised directive or initiatives will not adversely affect the ability of the Issuer to make payments to Offered Noteholders.

Financial Ombudsman Service

Under the FSM Act, the Financial Ombudsman Service (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. 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 have an adverse effect on the Mortgage Loans, GMAC-RFC, the Issuer and the Administrator 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.

The DTI is expected to publish 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, GMAC-RFC, the Issuer or the Administrator 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 Offered Noteholders.

Proposed Changes to the Basel Capital Accord

The Basel Committee on Banking Supervision has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The Committee announced on 11 May 2004 that it had achieved consensus on the remaining issues and published the text of the new framework on 26 June 2004 under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework. This framework 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, the most advanced at year-end 2007. As and when implemented, the new framework could affect the risk weighting of the Offered Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework. Consequently, prospective investors should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord. The precise effects of statutory implementation of the new framework cannot be predicted.

Tax Considerations

United States Federal Income Tax Treatment

The Issuer has obtained an opinion from Allen & Overy LLP, US tax counsel to the Issuer, that although there is no statutory, judicial or administrative authority directly addressing the characterisation of the Offered Notes or similar instruments for US federal income tax purposes, the Offered Notes, when issued, will be treated as debt for US federal income taxation purposes. See "*United States Federal Income Taxation*" for the relevant limitations relating to the foregoing and a more complete discussion of the characterisation of, and the consequences of investing in, the Offered Notes for US federal income tax purposes.

Prospective investors should consult their own tax advisers regarding the appropriate characterisation of, and US federal income tax consequences of investing in, the Offered Notes.

Risks relating to the introduction of International Financial Reporting Standards

The UK corporation tax position of the Issuer 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 the Issuer 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 the Issuer 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 the Issuer's 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. The Issuer 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. The stated policy of HM Revenue and Customs is 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 and that they are working with participants in the securitisation industry to identify appropriate means of preventing any such disruption. However, if further measures are not introduced by HM Revenue and Customs to deal with accounting periods ending after 31 December 2006, 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 transaction and as such adversely affect the Issuer and therefore Noteholders, MERC Holders and Residual Holders.

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 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 Offered Notes, the MERCs or the Residuals.

Corporation tax reform

In December 2004, HM Revenue and Customs issued a technical note entitled "Corporation tax reform" following on from the technical note of December 2003 on the same subject matter. These documents contained a number of proposals for consultation as to how the current corporation tax system might be reformed and include draft legislation in respect of some of the suggested reforms. It is not currently known whether or in precisely what form each of the changes arising from the consultation on corporation tax reform will be enacted, although certain of the proposals in the 2003 document have already been enacted in the Finance Act 2004. It is possible that, as these changes are enacted, they may affect the taxation treatment of the Issuer, and could consequently affect the ability of the Issuer to repay amounts in respect of the Offered Notes, the MERCs or the Residuals.

EU Directive on the Taxation of Savings Income

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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Legal Considerations

European Monetary Union

Prior to the maturity of the Offered Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and the euro may become the lawful currency of the United Kingdom. Adoption of the euro by the United Kingdom may have the following consequences: (i) all amounts payable in respect of the Offered Notes may become payable in euro; (ii) 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 the Offered Notes and the Mortgage Loans, or changes in the way those rates are calculated, quoted and published or displayed; and (iii) the Issuer may choose to redenominate the Offered Notes into euro and take additional measures in respect of the Offered Notes.

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 Offered Notes.

Change of Law

The structure of the issue of the Offered Notes is based on English law in effect as at the date of this document. No assurance can be given as to the impact of any possible judicial decision or changes to English law, the interpretation thereof or administrative practice after the date of this document.

Company Voluntary Arrangement

The Insolvency Act 2000 introduced significant changes to the UK insolvency regime including provisions which allow certain "small" companies to obtain protection from their creditors for a period of 28 days for the purposes of putting together a company voluntary arrangement with the option for the creditors to extend the protection period for a further two months.

During this period, no insolvency procedures may be commenced in relation to the company, any security created by the company over its property cannot be enforced and no other legal process can be taken in relation to the company except with the consent of the Court.

A company may continue to make payments in respect of its debts in existence before the beginning of the moratorium only if there are reasonable grounds for believing such payments will benefit the company and the payment is approved by either the moratorium committee of the creditors of the company or, if none, by a nominee of the company appointed under the provisions of the Insolvency Act 2000.

For the purposes of the Insolvency Act 2000, a "small company" is defined as one which satisfies two or more of the following criteria: (i) its turnover is not more than £5.6 million; (ii) its balance sheet total is not more than £2.8 million; and (iii) the number of its employees is not more than 50.

For as long as the turnover of the Issuer is greater than £5.6 million and its balance sheet total is greater than £2.8 million, the Issuer will not be regarded as a "small company" under the law as it currently stands. The Secretary of State for Trade and Industry may by regulation in the future modify the eligibility requirements for the applicability of the Insolvency Act 2000 and the definition of a "small company".

Whether or not the Issuer is a "small company" within the provisions of the Insolvency Act 2000 will be an accounting matter determined on a financial year by financial year basis for the relevant company.

Pursuant to Regulations made by the Secretary of State which came into force on 1 January 2003, companies which are party to an agreement which is or forms part of a capital market arrangement, under which a party incurs 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, are excluded from being eligible for the moratorium. The definitions of "capital market arrangement" and "capital market investment" are broad, such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, may be ineligible to seek the benefit of the small companies moratorium.

In addition, there is an exclusion from the moratorium provisions for any company which has incurred a liability (including a present, future or contingent liability) of at least £10 million. While the Issuer should fall within this exception, there is no guidance as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. No assurance may be given that any modification of the eligibility requirements for "small companies" and/or the exceptions will not be detrimental to the interests of the Offered Noteholders.

The moratorium provisions may serve to limit the Trustee's ability to enforce the security granted by the Issuer if, first, the Issuer falls within the eligibility criteria for a moratorium at the relevant time; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within an exception: in those circumstances, the enforcement of the security by the Trustee may, for a period, be prohibited by the imposition of the moratorium.

Even if a moratorium could delay enforcement proceedings against the Issuer, this would be for a maximum period of only three months as described above (subject to the Secretary of State increasing, by order, the period for which a moratorium may be obtained). In addition, even if a protection period were granted in relation to it, it could obtain approval to continue to make payments in accordance with the Trust Deed and the Conditions.

The Enterprise Act 2002

On 15 September 2003, the corporate insolvency provisions of the Enterprise Act 2002 (the "**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 Deed of Charge) 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 Trustee will fall within the capital markets 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 Offered 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 Offered 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.

Fixed charges over accounts may take effect under English law as floating charges

The Issuer will purport to grant, *inter alia*, fixed charges in favour of the Trustee over the Issuer's interest in the Issuer Transaction Account, the GIC Account, the Currency Account and any other bank account in which the Issuer has an interest.

The law in England and Wales relating to the re-characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the relevant account or the proceeds thereof for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges then certain matters, which are given priority over the floating charge by law, will be given priority over the claims of the floating chargeholder. (See "*The Enterprise Act 2002*".)

CREDIT STRUCTURE

General

The following is a summary of the structure and credit arrangements underlying the Offered Notes. Such summary should be read in conjunction with information appearing elsewhere in this Offering Circular. A8.3.4.1 A8.3.4.2 A.13.3

The Offered Notes will not be obligations of GMAC-RFC, the Trustee, the Account Bank, the Cap Provider, the GIC Provider, the Liquidity Facility Provider, the MER Loan Provider, the Currency Swap Counterparty, the Corporate Services Provider, the Share Trustee, the Exchange Rate Agent, the Paying Agents, the Managers or any other party other than the Issuer and will not be guaranteed by any such party. Neither GMAC-RFC, the Trustee, the Account Bank, the GIC Provider, the Cap Provider, the Currency Swap Counterparty, the Corporate Services Provider, the Liquidity Facility Provider, the MER Loan Provider, the Paying Agents, the Managers, the Exchange Rate Agent, the Share Trustee nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Offered Notes.

Use of Available Revenue Funds

The interest rates payable by Borrowers in respect of the Mortgage Loans may vary. It is anticipated that, on the Issue Date, the revenue generated by applying the weighted average of the interest rates applicable to the Mortgage Loans and amounts made available from the Discount Reserve will exceed items (i) through (v), (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments by an amount, calculated as a percentage, which, on the Issue Date, will be approximately 1.84 per cent. The actual amount of the excess will vary during the life of the Offered Notes. Among the key factors determining such variations will be the level of delinquencies and defaults experienced, the level of prepayments and the weighted average of the mortgage interest rates from time to time. A8.2.1 A8.3.4.1

To the extent that the Available Revenue Funds on the relevant Payment Date are sufficient therefor, each amount referred to in items (i) to (xx) of the Pre-Enforcement Priority of Payments shall, as the case may require, be paid to the persons entitled thereto, applied or provided for on such Payment Date and, after such payment, application or provision, it is not expected that any surplus will be accumulated by the Issuer.

Liquidity Facility

The Issuer will be entitled on any Payment Date to make drawings up to the Liquidity Maximum Amount under a liquidity facility (the "**Liquidity Facility**") pursuant to the terms of a liquidity facility agreement to be entered into on or prior to the Issue Date between the Liquidity Facility Provider, the Issuer and the Trustee (the "**Liquidity Facility Agreement**"), any such drawing to be initially credited to the Issuer Transaction Account and recorded in a ledger maintained by the Administrator established for such purposes (the "**Liquidity Ledger**") to the extent that, after the application of amounts standing to the credit of the Reserve Ledger, there are insufficient amounts available for distribution standing to the credit of the Revenue Ledger to meet items (i) to (xi) (other than items (vi), (viii) and (x)) of the Pre-Enforcement Priority of Payments on a Payment Date, provided that no drawings from the Liquidity Ledger may be made to meet interest payments on the M1 Notes, the M2 Notes or, as the case may be, the B1 Notes, to the extent that, after the application of the Available A8.3.4.4 A8.3.4.2

Revenue Funds and any amounts standing to the credit of the Reserve Fund, the M1 Principal Deficiency Sub-Ledger would have a debit balance equal to or greater than 20 per cent. of the then aggregate Principal Amount Outstanding of the M1 Notes or, as the case may be, the M2 Principal Deficiency Sub-Ledger would have a debit balance equal to or greater than 20 per cent. of the then aggregate Principal Amount Outstanding of the M2 Notes or, as the case may be, the B1 Principal Deficiency Sub-Ledger would have a debit balance equal to or greater than 50 per cent. of the aggregate Principal Amount Outstanding of the B1 Notes. Drawings credited to the Liquidity Ledger on any Payment Date will be transferred to the Revenue Ledger on that Payment Date for application in accordance with items (i) to (xi) (other than items (vi), (viii) and (x)) of the Pre-Enforcement Priority of Payments on that Payment Date. Likewise, any amounts due to be paid to the Liquidity Facility Provider in accordance with the Pre-Enforcement Priority of Payments will be transferred from the Revenue Ledger to the Liquidity Ledger and the balance adjusted accordingly on the Business Day before the relevant Payment Date and thereafter (but only prior to the Liquidity Drawdown Date as defined below) will be utilised in repaying amounts outstanding under the Liquidity Facility.

If, at any time, the credit rating of the Liquidity Facility Provider falls below P-1 by Moody's, A-1+ by S&P and F1+ by Fitch or the Liquidity Facility Provider has its short-term rating withdrawn, or the Liquidity Facility is not renewed and in each case the Liquidity Facility is not replaced by an alternative Liquidity Facility such that the then current ratings of the Offered Notes are not adversely affected, the Issuer will forthwith draw down the entirety of the undrawn portion of the Liquidity Facility and credit such amount to a deposit account held with a bank with the above mentioned ratings. The date upon which such amount is drawn down is the "**Liquidity Drawdown Date**".

Amounts paid to the Liquidity Facility Provider in accordance with item (iv) of the Pre-Enforcement Priority of Payments will be capable of being redrawn under the Liquidity Facility (together, as the case may be, with other undrawn amounts under the Liquidity Facility prior to the Liquidity Drawdown Date) or from the Liquidity Ledger (on or after the Liquidity Drawdown Date) on any Payment Date to the extent set out above in this section.

"**Liquidity Drawn Amount**" means, on any Determination Date: (a) at any time prior to any Liquidity Drawdown Date, the amount then drawn under the Liquidity Facility and not repaid together with all accrued interest up to (but excluding) the related Payment Date pursuant to the Liquidity Facility Agreement; and (b) at any time on or after the Liquidity Drawdown Date, the difference between the Liquidity Maximum Amount and the Available Commitment under the Liquidity Facility as at the last day of the month immediately preceding such Determination Date.

"**Available Commitment**" means the commitment under the Liquidity Facility less the outstanding advances, taking into account any repayment thereof.

"**Liquidity Maximum Amount**" means 5.00 per cent. of the aggregate Base Currency PAO of the Offered Notes on the Issue Date, subject to reduction in accordance with the terms of the Liquidity Facility.

Under the terms of the Liquidity Facility, the Liquidity Maximum Amount shall be reduced on each Payment Date falling on or after the first Payment Date on which the initial Liquidity Maximum Amount is greater than or equal to 5.00 per cent. of the aggregate Base Currency

PAO of the Offered Notes following application of the Actual Redemption Funds on such Payment Date, to an amount which is the greater of:

(a) 5.00 per cent. of the aggregate Base Currency PAO of the Offered Notes on the relevant Payment Date; and

(b) 1.00 per cent. of the aggregate Base Currency PAO of the Offered Notes on the Issue Date.

No such reduction shall be permitted on a Payment Date if:

(a) there is a debit balance on any of the Principal Deficiency Sub-Ledgers;

(b) the Administrator for the time being is in breach of any of its obligations in the Deed of Charge, the Administration Agreement, the Mortgage Sale Agreement, the Guaranteed Investment Contract, the Corporate Services Agreement, the Declaration of Trust or the Bank Agreement;

(c) any amount is then outstanding under the Liquidity Facility;

(d) the aggregate value of the principal losses experienced on the Mortgage Pool (whether or not such losses form part of the Principal Deficiency Sub-Ledgers at such time) at the immediately preceding Determination Date is greater than 1.25 per cent. of the aggregate Base Currency PAO of the Offered Notes on the Issue Date;

(e) as at the immediately preceding Payment Date the aggregate Balance of Mortgage Loans in respect of which payment is 90 days or more in arrears is higher than 17 per cent. of the aggregate Balance of all Mortgage Loans in the Mortgage Pool;

(f) the aggregate balance of all Mortgage Loans foreclosed in the Mortgage Pool exceeds 2.25 per cent. of the original balance of the Mortgage Pool; or

(g) the amount constituting the Reserve Fund is lower than the Reserve Fund Required Amount.

Reserve Fund

To provide limited coverage for shortfalls in amounts under items (i) to (xii) inclusive of the Pre-Enforcement Priority of Payments, the Issuer will on the Issue Date establish a reserve fund (the "**Reserve Fund**") in the initial amount of £6,600,000, using part of the proceeds of the advance of the MER Loan to be utilised on any Payment Date where such shortfalls occur.

"**Reserve Fund Required Amount**" means £6,600,000, provided that, on each Payment Date falling on or after the first Payment Date on which the Reserve Fund is equal to or greater than 3.30 per cent. of the aggregate Base Currency PAO of the Offered Notes (the "**Reserve Fund Determination Date**") and if:

(i) all balances on each of the Principal Deficiency Sub-Ledgers are zero;

(ii) no amount in the Liquidity Facility has been drawn before the relevant Reserve Fund Determination Date;

(iii) the amount in the Reserve Fund is equal to or greater than the Reserve Fund Required Amount as of the relevant Reserve Fund Determination Date;

(iv) the aggregate Balance of all Mortgage Loans in the Mortgage Pool which are 90 days or more in arrears does not exceed 17 per cent. of the total balance of all the Mortgage Loans in the Mortgage Pool;

(v) the aggregate balance of all Mortgage Loans foreclosed in the Mortgage Pool does not exceed 2.25 per cent. of the original balance of the Mortgage Pool; and

(vi) the total losses suffered by the Issuer from the Issue Date until the relevant Reserve Fund Determination Date are lower than 1.25 per cent. of the original balance of the Mortgage Pool,

then the Reserve Fund Required Amount will be reduced to an amount equal, on such Reserve Fund Determination Date, to the greater of £3,300,000 and 3.30 per cent. of the then Principal Amount Outstanding of the Offered Notes.

Following a reduction to the Reserve Fund Required Amount, any amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount (the "**Reserve Fund Excess**") will be applied towards Available Revenue Funds and applied in accordance with the Pre-Enforcement Priority of Payments.

On any Payment Date to the extent that amounts are available after payment of any amounts under items (i) to (xii) of the Pre-Enforcement Priority of Payments, the excess, if any, will be deposited in the Reserve Fund to the extent necessary to replenish and maintain the Reserve Fund Required Amount as set out under item (xiii) of the Pre-Enforcement Priority of Payments. All amounts credited to the Reserve Fund will be recorded in a ledger for that purpose (the "**Reserve Ledger**"). On any Payment Date, any amount available for deposit in the Reserve Fund in excess of the Reserve Fund Required Amount will be applied in accordance with the Pre-Enforcement Priority of Payments.

On any Payment Date on which the Offered Notes are redeemed in full, the Reserve Fund will be applied towards Available Revenue Funds.

Discount Reserve

To cover the Loan Expected Differentials (being amounts calculated for the entire duration of the relevant discount periods) resulting from Discounted Mortgage Loans, the Issuer will establish a reserve (the "**Discount Reserve**") on the Issue Date using part of the proceeds of the advance of the MER Loan in an amount equal to the Discount Reserve Required Amount as at the Issue Date.

On the Issue Date, the Administrator, on behalf of the Issuer, will therefore determine the Loan Expected Differential accordingly and also the anticipated Expected Differential for the first Determination Period. On each Determination Date, the Administrator, on behalf of the Issuer, will calculate the Loan Expected Differential in respect of any Substitute Mortgage Loans or Consolidated Mortgage Loans transferred into the Mortgage Pool or Further Advances made on Mortgage Loans in the immediately preceding Determination Period which are Discounted Mortgage Loans and any Discounted Mortgage Loans to be transferred into the Mortgage Pool or in respect of which Further Advances are to be made on the immediately succeeding Payment Date and will calculate the Expected Differential in respect of the current Determination Period to take into account such substitutions or advances and any redemptions, repurchases or purchases of Discounted Mortgage Loans and their Related Security during the immediately preceding Determination Period.

On each Payment Date a portion of the amount standing to the credit of the Discount Reserve equal to the amount of any Expected Differential determined in respect of the Determination Period ending immediately prior to such Payment Date (the "**Discount Reserve Applicable Amount**") shall be debited to the Discount Reserve and credited to the Issuer Transaction Account and will be applied towards Available Revenue Funds for application in accordance with the Pre-Enforcement Priority of Payments (and any provisos thereto). Under item (xiv) of the Pre-Enforcement Priority of Payments, the Administrator, on behalf of the Issuer, shall on each Payment Date allocate additional amounts to the Discount Reserve to cover the additional Loan Expected Differential arising from anticipated discounts on Substitute Mortgage Loans, Consolidated Mortgage Loans and Further Advances on Mortgage Loans.

The Administrator, on behalf of the Issuer, will adjust the Discount Reserve Required Amount to reflect the determinations and allocations described above.

In addition, if at any time the amount standing to the credit of the Discount Reserve exceeds the Discount Reserve Required Amount, the amount of such excess shall be debited from the Discount Reserve and credited to the Issuer Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments on the next following Payment Date.

"**Determination Period**" means the period from and including (in the case of the first such period, the Issue Date, the last Business Day of each month which precedes a Payment Date to but excluding the last Business Day of the month which precedes the immediately following Payment Date (or in the case of the first such period, the first);

"**Discounted Mortgage Loans**" means any Discount LIBOR-linked Mortgage Loans and Discount BBR-linked Mortgage Loans which form part of the Mortgage Pool from time to time (see "*Mortgage Pool – Interest Rate Setting – LIBOR-linked Mortgage Loans*" and "*Mortgage Pool – Interest Rate Setting – BBR-linked Mortgage Loans*");

"**Discount Reserve Required Amount**" means the amount calculated by the Administrator as being the amount required to meet the Loan Expected Differential in respect of the Mortgage Pool;

"**Effective Interest Margin**" means the weighted average margin above LIBOR (in the case of the Discount LIBOR-linked Mortgage Loans) or the Bank of England base rate (in the case of the Discount BBR-linked Mortgage Loans) charged to the relevant Borrowers during the period when discounts apply to Discounted Mortgage Loans within the Mortgage Pool;

"**Expected Differential**" means an amount calculated in respect of each Determination Period that falls during the period when discounts apply to Discounted Mortgage Loans within the Mortgage Pool as the difference between the Unadjusted Margin and the Effective Interest Margin, multiplied by the principal amount outstanding of the Discounted Mortgage Loans that form part of the Mortgage Pool as of the first day of the relevant Determination Period and the actual number of days to elapse in the relevant Determination Period and divided by 365 (or 366 if the Payment Date following such Determination Period falls in a leap year);

"**Loan Expected Differential**" means, as calculated on each Determination Date, the aggregate of the Expected Differentials applying to each Determination Period that falls during the period when discounts apply to Discounted Mortgage Loans that form part of the Mortgage Pool as at the first day of the relevant Determination Period; and

"**Unadjusted Margin**" means, on any Payment Date, the principal weighted average margin above LIBOR (in the case of the Discount LIBOR-linked Mortgage Loans) or the Bank of England base rate (in the case of the Discount BBR-linked Mortgage Loans) that will apply in respect of such Mortgage Loans when the discount period expires.

On any Payment Date on which the Offered Notes are redeemed in full or on which all discounts applicable to Discounted Mortgage Loans which then form part of the Mortgage Pool have expired, the Discount Reserve (if any) will be applied towards Available Revenue Funds.

GMAC-RFC Accounts, Collection Account and Expenses Account

The Borrowers under the Mortgage Loans will make all payments (including any amounts calculated by reference to the Mortgage Early Repayment Charges) into one of the GMAC-RFC Accounts held with the Account Bank. The short-term, unsecured, unguaranteed and unsubordinated debt obligations of Barclays Bank PLC are currently rated P-1 by Moody's, A-1+ by S&P and F1+ by Fitch. Amounts received by direct debit will be transferred to the Collection Account on a daily basis. Amounts received other than by direct debit will, to the extent they represent receipts in respect of the Mortgage Loans, be transferred to the Collection Account on the following business day. Amounts standing to the credit of the Collection Account will be swept on a daily basis into the Issuer Transaction Account. GMAC-RFC will declare a trust over the Expenses Account, the Collection Account and the GMAC-RFC Accounts in favour of the Issuer, the Trustee and itself (the "**Declaration of Trust**"). The "**Expenses Account**" is an account in the name of GMAC-RFC from which amounts are debited to make Permitted Withdrawals in the manner described in "*Permitted Withdrawals from the Issuer Transaction Account*" below.

Issuer Accounts

Pursuant to the terms of the Guaranteed Investment Contract, amounts standing to the credit of the Issuer Transaction Account will be transferred from such account to the GIC Account. A8.3.4.4
The GIC Provider will contract to pay a specific rate of interest on funds on deposit in the GIC Account. The short-term, unsecured, unguaranteed and unsubordinated debt obligations of Barclays Bank PLC are currently rated P-1 by Moody's, A-1+ by S&P and F1+ by Fitch. Additionally, the Issuer will maintain the Currency Account.

Use of Ledgers

The Issuer will be required to record or cause to be recorded all amounts received from Borrowers in respect of the Mortgage Loans or otherwise paid or recovered in respect of the Mortgage Loans (other than principal amounts received representing monthly repayments of principal, redemption proceeds and amounts recovered on enforcement, sale or repurchase in each case representing principal (the "**Principal Funds**") and other than amounts calculated by reference to the Mortgage Early Repayment Charges) in a ledger for that purpose (the "**Revenue Ledger**"). The Issuer will be required to record Principal Funds in a ledger for that purpose (the "**Principal Ledger**") and Mortgage Early Repayment Charges in a ledger for that purpose (the "**MER Charges Ledger**"). The Issuer will be also required to maintain or cause to be maintained a discount reserve ledger which will be established to record the amount from time to time standing to the credit of the Discount Reserve (the "**Discount Reserve Ledger**").

The amounts standing to the credit, at any time, of the Further Advances Ledger, the Liquidity Ledger, the Reserve Ledger, the Discount Reserve Ledger, the Principal Ledger, the MER Charges Ledger and the Revenue Ledger (collectively, the "**Ledgers**") will, in the aggregate, represent all sums standing to the credit of the Collection Account, the GMAC-RFC Accounts (to the extent they represent receipts in respect of Mortgage Loans within the Mortgage Pool), the GIC Account, the Currency Account and the Issuer Transaction Account other than any collateral transferred to the Issuer by a Cap Provider as described under "**Interest Rate Cap Agreement**". The 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 "*Pre-Enforcement Priority of Payments*" below.

Principal Deficiency Ledger

A principal deficiency ledger (the "**Principal Deficiency Ledger**") comprising four sub-ledgers, known as the "**A Principal Deficiency Sub-Ledger**", the "**M1 Principal Deficiency Sub-Ledger**", the "**M2 Principal Deficiency Sub-Ledger**" and the "**B1 Principal Deficiency Sub-Ledger**", respectively, and collectively the "**Principal Deficiency Sub-Ledgers**" will be established in order to record any principal deficiencies as they occur (each, respectively, the "**A Principal Deficiency**", the "**M1 Principal Deficiency**", the "**M2 Principal Deficiency**" and the "**B1 Principal Deficiency**", and each a "**Principal Deficiency**"). Any Principal Deficiency shall be debited (a) first, to the B1 Principal Deficiency Sub- Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the B1 Notes (the "**B1 Note Principal Deficiency Limit**"), (b) second, to the M2 Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the M2 Notes (the "**M2 Note Principal Deficiency Limit**"), (c) third, to the M1 Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the M1 Notes (the "**M1 Note Principal Deficiency Limit**"), and (d) fourth, to the A Principal Deficiency Sub-Ledger. For the avoidance of doubt, the A Principal Deficiency will relate to the A1 Notes, the A2 Notes and the A3 Notes *pro rata.* A Principal Deficiency will be recorded on the relevant Principal Deficiency Sub-Ledger in respect of any amount of principal which remains outstanding under any Mortgage Loan after completion by the Administrator of the arrears and default procedures (as more particularly described in the section "*Administration of the Mortgage Pool – Arrears and Default Procedures*"). Amounts allocated to each Principal Deficiency Sub-Ledger shall be reduced to the extent of Available Revenue Funds available therefor on any Payment Date in accordance with the Pre-Enforcement Priority of Payments.

Use of the MER Loan

Amounts advanced under the MER Loan will be used to fund (a) the costs and expenses arising in respect of the Offered Notes which are issued on the Issue Date, (b) the Discount Reserve and (c) the Reserve Fund.

Subordination of the M1 Notes, M2 Notes and B1 Notes

M1 Noteholders, M2 Noteholders and B1 Noteholders will not be entitled to receive any payment of interest, unless and until all amounts, to be paid senior to such interest, then due to, *inter alios*, the A Noteholders and the Liquidity Facility Provider and the Currency Swap Counterparty have been paid in full, in accordance with the Pre-Enforcement Priority of Payments.

If on any Determination Date there are insufficient Available Revenue Funds to make payment in full of amounts of interest due and payable on the M1 Notes, the M2 Notes and/or the B1 Notes then, to that extent, interest on such notes shall be deferred until the next Payment Date on which there are sufficient Available Revenue Funds, as more fully described in Condition 4(f) of "*Terms and Conditions of the Offered Notes*".

Each class of Offered Notes will be constituted by the Trust Deed and will share the same security although, upon enforcement, the A Notes will rank in priority to the M1 Notes, the M2 Notes and the B1 Notes in point of security, the M1 Notes will rank in priority to the M2 Notes and the B1 Notes in point of security, the M2 Notes will rank in priority to the B1 Notes in point of security. Mortgage Early Repayment Charges will be applied first towards repayment in full of all amounts due under the MER Loan Agreement (as will certain amounts of Available Revenue Funds pursuant to the Pre-enforcement Priority of Payments or the Post enforcement Priority of Payments, as applicable) and after repayment in full of the MER Loan, Mortgage Early Repayment Charges will be paid to MERC Holders. Such amounts will not be available, before or after enforcement of the security, for application towards repayment of amounts due to Offered Noteholders or Residual Holders. See also "*Risk Factors – Risks Related to the Offered Notes – Subordination of the M1 Notes, M2 Notes and B1 Notes*" and "*– Risks Related to the Mortgage Loans*".

Interest Rate Matching

21.37 per cent (by value) of the Mortgage Loans in the Initial Mortgage Pool are currently LIBOR- linked Mortgage Loans, which means that the interest payable thereunder is calculated as a specified margin in excess of Note LIBOR from time to time. 21.01 per cent. (by value) of the Mortgage Loans in the Initial Mortgage Pool accrue interest at a variable rate which equals a margin over the Bank of England base rate. 57.62 per cent. (by value) of the remaining Mortgage Loans are fixed rate mortgage loans, 7.27 per cent. (by value) of which will convert to LIBOR-linked rates no later than 1 September 2008 and 92.73 per cent. (by value) of which will convert to rates linked to the Bank of England base rate no later than 1 January 2008. As described below, following such conversion, LIBOR on these LIBOR-Linked Mortgage Loans will be re-set on a quarterly basis.

The interest rates payable under Mortgage Loans with rates linked to the Bank of England base rate will be equal to the Bank of England base rate plus a fixed margin (see "*The Mortgage Pool – Interest Rate Setting – BBR-Linked Mortgage Loans*").

Interest Rate Cap Agreement

To hedge against a possible rise in Note LIBOR to a rate in excess of 9.00 per cent., the Issuer will enter into one or more interest rate cap agreements with the Cap Provider (the "**Interest Rate Cap Agreement**") from the Issue Date for a period of 4 years. Under the Interest Rate Cap Agreement, the difference between (a) the amount produced by applying

Note LIBOR for the relevant Interest Period to the notional amount of £100,000,000 (the "**Notional Amount**") and (b) the amount produced by applying 9.00 per cent. to the Notional Amount for the same period will be paid (if such figure is positive) by the Cap Provider to the Issuer on the next following Payment Date.

In the event that the short-term unsecured and unsubordinated debt obligations of the Cap Provider are downgraded below A-1 by S&P or F1 by Fitch (and, as a result of a downgrade by S&P, the then current ratings of the Offered Notes are downgraded or placed under review for possible downgrade by S&P) or that the long-term unsecured and unsubordinated debt obligations of the Cap Provider are downgraded below A+ by Fitch (each a "**Cap Provider Downgrade Event**") or such rating is withdrawn, then the Issuer has the right to terminate the Interest Rate Cap Agreement thereunder unless the Cap Provider, within 30 days, at its own cost either:

(i) procures a third party to become guarantor or co-obligor in respect of its obligations under the Interest Rate Cap Agreement, whose short-term unsecured and unsubordinated debt obligations are rated A-1 or above by S&P and F1 or above by Fitch and whose long-term unsecured and unsubordinated debt obligations are rated A+ or above by Fitch or who is otherwise approved by S&P or Fitch respectively; or

(ii) transfers all of its rights and obligations under the Interest Rate Cap Agreement to a third party provided that such third party's short-term unsecured and unsubordinated debt obligations are rated A-1 or above by S&P and F1 or above by Fitch and long-term unsecured and unsubordinated debt obligations are rated A+ or above by Fitch or who is otherwise approved by S&P or Fitch respectively; or

(iii) provides collateral for its obligations in accordance with the terms of the Interest Rate Cap Agreement and on terms acceptable to S&P and Fitch; or

(iv) establishes any other arrangement or takes such other action satisfactory to S&P and Fitch to maintain the then current ratings of the Offered Notes.

In the event that the short-term unsecured and unsubordinated debt obligations of the Cap Provider are downgraded below F2 by Fitch or A3 by S&P (and, as a result of a downgrade by S&P, the then current ratings of the Offered Notes are downgraded or placed under review for possible downgrade by S&P) or that the long-term unsecured and unsubordinated debt obligations of the Cap Provider are downgraded below BBB+ by Fitch, then the Issuer has the right to terminate the Interest Rate Cap Agreement thereunder unless the Cap Provider, within 30 days in the case of a downgrade by Fitch and within 10 days in the case of a downgrade by S&P, at its own cost either:

(i) procures a third party to become guarantor or co-obligor in respect of its obligations under the Interest Rate Cap Agreement, whose short-term unsecured and unsubordinated debt obligations are rated F1 or above by Fitch and A-1 or above by S&P and whose long-term unsecured and unsubordinated debt obligations are rated A+ or above by Fitch or who is otherwise approved by S&P or Fitch respectively; or

(ii) transfers all of its rights and obligations under the Interest Rate Cap Agreement to a third party provided that such third party's short-term, unsecured and unsubordinated debt obligations are rated F1 or above by Fitch and A-1 or above by S&P and long-term unsecured and unsubordinated debt obligations are rated A+ or above by Fitch or who is otherwise approved by S&P or Fitch respectively; or

(iii) establishes any other arrangement or takes such other action satisfactory to S&P or Fitch respectively to maintain the then current ratings of the Offered Notes.

Pending compliance with any of (i), (ii) or (iii) above, the Cap Provider must, at its own cost, provide collateral for its obligations in accordance with the terms of the Interest Rate Cap Agreement and on terms acceptable to S&P or Fitch respectively. If any of (i), (ii) or (iii) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) so transferred by the Cap Provider will be retransferred to the Cap Provider and the Cap Provider will not be required to transfer any additional collateral.

Where the Cap Provider provides collateral in accordance with the terms of the Interest Rate Cap Agreement, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and transferred (if in cash form) to the Issuer Transaction Account or such other account established for such purpose. Any collateral provided by the Cap Provider will not form part of the Available Revenue Funds or the Actual Redemption Funds except in accordance with the terms of the collateral agreement providing for the payment of such collateral. A8.3.4.7

The USD Note Currency Swap Agreement

The USD Notes will be denominated in US dollars and the Issuer will pay interest and principal on the USD Notes US dollars. However, payments of interest and principal by Borrowers under the Mortgage Loans will be made in sterling. In addition, the USD Notes will bear interest at a rate based on a margin over Note USD-LIBOR. 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, the Issuer will enter into the USD Note Currency Swap Agreement with the Currency Swap Counterparty on or prior to the Issue Date.

Under the terms of the USD Note Currency Swap Agreement, the Issuer will pay to the Currency Swap Counterparty:

(a) on the Issue Date, the US dollar proceeds received on the issue of the USD Notes;

(b) two Business Days (as defined in the USD Note Currency Swap Agreement) prior to each Payment Date, an amount in sterling based on Note USD-LIBOR, as appropriate, applied to the sterling equivalent (converted at the USD Currency Swap Rate (as defined below)) of the Principal Amount Outstanding of the USD Notes; and

(c) two Business Days (as defined in the USD Note Currency Swap Agreement) prior to each Payment Date, an amount in sterling equal to the amount available to be applied in repayment of principal on the USD Notes on that Payment Date.

Under the terms of the USD Note Currency Swap Agreement, the Currency Swap Counterparty will pay to the Issuer or to its order:

(a) on the Issue Date, an amount in sterling equal to the US dollar proceeds of the issue of the USD Notes (such proceeds to be converted into sterling at USD Currency Swap Rate (as defined below));

(b) two Business Days (as defined in the USD Note Currency Swap Agreement) prior to each Payment Date, an amount in US dollars equal to the interest to be paid in US dollars on the USD Notes on such Payment Date; and

(c) two Business Days (as defined in the USD Note Currency Swap Agreement) prior to each Payment Date, US dollar amounts equal to the sterling amounts available to be applied in repayment of principal on the USD Notes on such Payment Date converted into US dollars at the USD Currency Swap Rate, on such Payment Date.

The relevant US dollar/sterling exchange rate will be determined on or prior to the Issue Date (the "**USD Currency Swap Rate**" (being the US dollar/sterling exchange rate under the USD Note Currency Swap Agreement)).

The USD Note Currency Swap Agreement may be terminated by the Currency Swap Counterparty in circumstances including, broadly, where the Issuer is in default by reason of failure by the Issuer to make payments, the optional redemption in full by the Issuer of the USD Notes pursuant to Condition 5(e). The USD Note Currency Swap Agreement may be terminated by the Issuer in circumstances including, *inter alia*, where the Currency Swap Counterparty is in default by reason of the failure by the Currency Swap Counterparty to make payments, where the Currency Swap Counterparty is otherwise in breach of the USD Note Currency Swap Agreement and where certain insolvency related events affect the Currency Swap Counterparty.

The USD Note Currency Swap Agreement may also terminate early in the event that there are changes in law resulting in the illegality of the obligations to be performed by either party.

Promptly upon the termination of the USD Note Currency Swap Agreement, the Issuer will notify the Trustee of each such termination.

Upon termination of the USD Note Currency Swap Agreement, either the Issuer or the Currency Swap Counterparty will be liable to make a termination payment to the other in accordance with the terms of the USD Note Currency Swap Agreement. The amount of such a termination payment will be based on market quotations of the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that market quotations cannot be determined). Except where it is a Currency Swap Counterparty Default Payment, the termination payment due by the Issuer will rank *pari passu* with the relevant class of Offered Notes. The Currency Swap Counterparty is not bound to make any other payments. In particular, the Currency Swap Counterparty is not obliged to make or guarantee any payments.

As at the Issue Date the Currency Swap Counterparty will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least A-1+ by S&P, P-1 by Moody's and F1 by Fitch and a rating assigned for its long-term unsecured, unsubordinated and unguaranteed debt obligation of at least A-1 by Moody's and A+ by Fitch (the "**Currency Swap Trigger Ratings**"). If any of the ratings fall below these levels the Issuer has the right to terminate the USD Note Currency Swap Agreement unless the Currency Swap Counterparty, within 30 days of such downgrade and at its own cost, either:

(i) provides collateral for its obligations in accordance with the terms of the USD Note Currency Swap Agreement, as applicable; or

(ii) obtains a guarantee of its obligations under the USD Note Currency Swap Agreement from a third party whose ratings are equal to or higher than the Currency Swap Trigger Ratings; or

(iii) transfers all of its rights and obligations under the USD Note Currency Swap Agreement to a third party, provided that such third party's ratings are equal to or higher than the Currency Swap Trigger Ratings; or

(iv) takes such other actions as agreed with the Rating Agencies in accordance with the terms of the USD Note Currency Swap Agreement; or

(v) delivers to the Issuer written notices obtained from each of S&P, Moody's and Fitch confirming that the then current ratings of the Offered Notes will not be downgraded as a result of the downgrading of the Currency Swap Counterparty's debt obligations.

If the unsecured, unsubordinated and unguaranteed debt obligations of the Currency Swap Counterparty cease to be rated as high as: (a) in the case of short-term debt obligations, P-2 as determined by Moody's or F2 as determined by Fitch or (b) in the case of long-term debt obligations, BBB- as determined by S&P, A3 as determined by Moody's or BBB+ as determined by Fitch, then the Issuer will have the right to terminate the USD Note Currency Swap Agreement unless the Currency Swap Counterparty at its own cost takes any of the actions described in (ii) to (v) above in the time frame prescribed in the USD Note Currency Swap Agreement and (if applicable) continues to provide collateral in accordance with (i) above until such action is taken.

The Currency Swap Counterparty may terminate the USD Note Currency Swap Agreement in the event that proceedings are taken against the Issuer to enforce payment of the Offered Notes.

The Currency Swap Counterparty may in certain circumstances transfer its obligations in respect of the USD Note Currency Swap Agreement to another entity provided that the Rating Agencies confirm that such transfer of obligations would not result in a downgrade of the then current ratings of the Offered Notes.

The Issuer is not obliged under the USD Note Currency Swap Agreement to gross up payments made by it under the USD Note Currency Swap Agreement if withholding taxes are imposed on such payments.

The Currency Swap Counterparty is obliged to gross up payments made by it to the Issuer under the USD Note Currency Swap Agreement if withholding taxes are imposed on such payments, although in such circumstances the USD Note Currency Swap Agreement may be terminated early by the Currency Swap Counterparty.

The USD Note Currency Swap Agreement will be governed by English law.

Permitted Withdrawals from the Issuer Transaction Account

On any date (including any Payment Date and, in respect of item (j) below, only on a Payment Date), the Administrator shall be permitted to make the following withdrawals and corresponding payments from amounts on deposit in the Issuer Transaction Account, either (i) directly or (ii) in respect of items (a) to (c) inclusive, (g), (i) and (k) below, indirectly by transferring sufficient funds from the Issuer Transaction Account to the Expenses Account and making those payments from such account:

(a) to make available to GMAC-RFC the amounts required to make Further Advances to Borrowers;

(b) 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 to which that Borrower is a party or by operation of law;

(c) 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 GMAC-RFC have agreed that payment of commission to GMAC-RFC 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 GMAC-RFC;

(d) to pay to any person (including GMAC-RFC and the Administrator) any amounts due arising from any overpayment by any person to the Issuer in respect of the Mortgage Loans or arising from any reimbursement by any person of any such overpayment;

(e) to pay to HM Revenue and Customs or other UK taxation authority any amount due;

(f) other than on a Payment Date, to pay when due and payable any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Trust Deed and not provided for payment elsewhere in items (a) to (e) above or (g) to (m) below and to pay any premiums in respect of any insurance policy relating to any Mortgage Loan;

(g) to make payments to the Administrator pursuant to the Administration Agreement;

(h) to refund any amounts due arising from the rejection of any direct debit payments in respect of a Mortgage Loan;

(i) to refund any other overpayments made by a Borrower and all other amounts not relating to the Mortgage Loans owned by the Issuer or in respect of which the Issuer has no entitlement pursuant to the Mortgage Sale Agreement, or amounts credited to the Issuer Transaction Account in error;

(j) to make payments to the MER Loan Provider and, following repayment in full of the MER Loan, to make payments to the MERC Holders;

(k) to refund to GMAC-RFC any amounts which represent amounts received from Borrowers and which are amounts owed by such Borrowers in respect of any period prior to the Issue Date as and when identified by the Administrator and if a Borrower fails to pay the full amount that it owes, the Administrator shall be obliged to refund to GMAC-RFC only such portion of the amount received which relates to any period prior to the Issue Date;

(l) to make payments into the GIC Account pursuant to the terms of the Guaranteed Investment Contract; and

(m) to cover any cost in relation to execution of a replacement currency swap agreement by using any Swap Termination Amounts received from the Currency Swap Counterparty in respect of termination of the USD Note Currency Swap Agreement.

Each of the above payments shall be referred to as "**Permitted Withdrawals**". To the extent that any of the above Permitted Withdrawals are made by the Administrator from and including the last Business Day of the month preceding such Determination Date to and including a Payment Date (or in the case of a payment described in (g) above to but excluding such Payment Date), any such withdrawals in respect of items (b) through (m), inclusive, shall be made prior to the Pre-Enforcement Priority of Payments and, therefore, shall not be included in Available Revenue Funds for such Payment Date.

Pre-Enforcement Priority of Payments

A8.3.4.6

Prior to enforcement of the Security, the Issuer is required to apply monies available for distribution as at the date which falls five Business Days prior to each Payment Date (each such date a "**Determination Date**") as determined in accordance with the Administration Agreement (the "**Available Revenue Funds**" which, for the avoidance of doubt, includes, if any, the Discount Reserve Applicable Amount, any amount standing to the credit of the Discount Reserve in excess of the Discount Reserve Required Amount, the Reserve Fund Excess, all amounts standing to the credit of the Reserve Fund, all amounts standing to the credit of the Discount Reserve (on any Payment Date on which all discounts applicable to the Discounted Mortgage Loans which form part of the Mortgage Pool have expired), any swap termination payments received from the Currency Swap Counterparty under the USD Note Currency Swap Agreement (the "**Swap Termination Amounts**") and any payment received by the Issuer from a replacement currency swap counterparty in consideration for the Issuer entering into a replacement currency swap agreement with such counterparty but excludes any principal receipts and any Mortgage Early Repayment Charges) in or towards the satisfaction of the payments or provisions in the following order of priority (the "**Pre-Enforcement Priority of Payments**") (in each case only to the extent that the payments or provisions of a higher priority have been made in full) on each Payment Date (and two Business Days prior to each Payment Date in the case of payments to the Currency Swap Counterparty), provided always that any Swap Termination Amounts shall first be applied towards payments due to any replacement currency swap counterparty and shall only be applied in accordance with the following priority, after a replacement currency swap agreement has been entered into to the extent that those termination amounts are not required to be paid to a replacement currency swap counterparty in respect of such replacement currency swap agreement:

(i) first, to pay when due the remuneration payable to the Trustee (plus Value Added Tax, if any) and any costs, charges, liabilities and expenses incurred by it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together with interest as provided in the Trust Deed or the Deed of Charge or either or both of them;

(ii) second, to pay when due amounts, including audit fees and company secretarial expenses (plus Value Added Tax, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Payment Date and to provide for the Issuer's liability or possible liability for corporation tax;

(iii) third, to pay *pro rata*:

(A) the administration fee payable to the Administrator (plus Value Added Tax, if any), such fee being an amount equal to one quarter of 0.15 per cent. per annum of the average total principal balance of the Mortgage Loans outstanding on the first day of each of the three months immediately prior to the relevant Determination Date; and

(B) amounts due to the Principal Paying Agent, the Paying Agent, the Agent Bank, the Registrar and the Transfer Agent under the Paying Agency Agreement, the Exchange Rate Agent under the Exchange Rate Agency Agreement, Barclays Bank PLC under the Bank Agreement, the Standby Administrator under the Standby Administration Agreement and the Guaranteed Investment Contract and the Corporate Services Provider and the Share Trustee under the Corporate Services Agreement;

(iv) fourth, to pay all fees, costs, expenses, principal, interest and any other amounts due to the Liquidity Facility Provider in accordance with the Liquidity Facility Agreement (other than, only relating to a period where the Liquidity Facility has been fully drawn for reason of non-renewal of the Liquidity Facility by the Liquidity Facility Provider, the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which shall for the avoidance of doubt include LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non- renewal had not occurred);

(v) fifth, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders), and (b) amounts payable to the Currency Swap Counterparty in respect of notional interest and any termination payment under the terms of the USD Note Currency Swap Agreement (except for any relevant Currency Swap Counterparty Default Payment where "**Currency Swap Counterparty Default Payment**" means any termination payment due or payable under the USD Note Currency Swap Agreement as a result of the occurrence of an Event of Default where the Currency Swap Counterparty is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Currency Swap Counterparty), and if the USD Note Currency Swap Agreement is not in place, to apply with such amounts an amount up to the amount which would have been so payable by the Issuer under the USD Note Currency Swap Agreement in exchange for US dollars in the spot exchange market in order to meet the interest then due on the A1 Notes and (B) second, to the extent that in relation to any spot exchange for US dollars, an amount is obtained which is insufficient to pay interest due on the A1 Notes to apply such further amounts in exchange for US dollars in the spot exchange market in order to meet such shortfall;

(vi) sixth, to pay amounts to be credited to the A Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5) until the balance of the A Principal Deficiency Sub-Ledger has reached zero;

(vii) seventh, to pay amounts (other than in respect of principal) payable in respect of the M1 Notes;

(viii) eighth, to pay amounts to be credited to the M1 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the M1 Principal Deficiency Sub-Ledger has reached zero;

(ix) ninth, to pay amounts (other than in respect of principal) payable in respect of the M2 Notes;

(x) tenth, to pay amounts to be credited to the M2 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the M2 Principal Deficiency Sub-Ledger has reached zero;

(xi) eleventh, to pay amounts (other than in respect of principal) payable in respect of the B1 Notes;

(xii) twelfth, to pay amounts to be credited to the B1 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the B1 Principal Deficiency Sub-Ledger has reached zero;

(xiii) thirteenth, to credit the Reserve Ledger, until the balance of the Reserve Fund reaches the Reserve Fund Required Amount;

(xxiv) fourteenth, to credit the Discount Reserve Ledger, to the extent that the amount credited to the Discount Reserve Ledger is less than the Discount Reserve Required Amount;

(xv) fifteenth, amounts (if any) credited to the Liquidity Ledger, relating to a period where the Liquidity Facility has been fully drawn for reason of non-renewal of the Liquidity Facility by the Liquidity Facility Provider, in respect of amounts reflecting the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which for the avoidance of doubt includes LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non-renewal had not occurred;

(xvi) sixteenth, to retain in the Issuer Transaction Account, an amount (the "**Issuer's Profit**") equal to 0.01 per cent. of the product of the time weighted average Mortgage Rate of the Mortgage Loans during the preceding Determination Period and the aggregate principal balance outstanding of the Mortgage Loans (the "**Issuer's Turnover**") at the beginning of the preceding Determination Period, so that in each year 0.01 per cent. of the Issuer's Turnover for that year comprises the Issuer's Profit;

(xvii) seventeenth, (after taking into account any MER Payments to be made on or about such date) to pay interest then due and repay principal outstanding in respect of the MER Loan;

(xviii) eighteenth, in or towards payment of any Currency Swap Counterparty Default Payment payable to the Currency Swap Counterparty made under the terms of the USD Note Currency Swap Agreement;

(xix) nineteenth, to pay amounts payable in respect of the Residuals; and

(xx) twentieth, to pay any remaining amount to the Issuer or other persons entitled thereto.

All amounts received two Business Days before each Payment Date from the Currency Swap Counterparty by the Issuer following the application of Available Revenue Funds under the Pre-Enforcement Priority of Payments or Actual Redemption Funds under the Principal Priority of Payments under the terms of the USD Note Currency Swap Agreement shall be paid to the holders of the applicable Notes, in each case in satisfaction of the Issuer's interest and/or principal payment obligations under the USD Notes on such Payment Date.

To the extent any amount due to be received from the Currency Swap Counterparty is not paid to the Issuer, the Issuer will take reasonable action to recover from the Currency Swap Counterparty the amounts due from the Currency Swap Counterparty.

In the event that the USD Note Currency Swap Agreement terminates and a termination payment is paid by the Currency Swap Counterparty to the Issuer, such amount shall be applied towards payment of a suitably rated replacement currency swap counterparty in consideration for such replacement currency swap counterparty entering into a suitable replacement currency swap agreement with the Issuer and in such event shall not constitute Available Revenue Funds.

Principal Priority of Payments

Prior to the enforcement of the Security, on each Payment Date (and two Business Days before each Payment Date in the case of payments to the Currency Swap Counterparty) the Issuer is required to apply the Actual Redemption Funds on such Payment Date determined on the date which falls five Business Days prior to such Payment Date (each such date a "**Determination Date**") in the following manner and order of priority (the "**Principal Priority of Payments**"):

(i) first, the Currency Swap Counterparty in respect of principal under the terms of the USD Note Currency Swap Agreement (except for any termination payment due to the Currency Swap Counterparty under such agreement) or, if there is no USD Note Currency Swap Agreement then in place, to exchange for US dollars in the spot exchange market (all US dollar received under this paragraph or in the spot exchange market (the "**USD Redemption Amounts**") shall be applied in redemption of the A1 Notes, as provided in Condition 5(b)), until the A1 Notes are redeemed in full;

(ii) second, to the holders of the A2 Notes in respect of principal of the A2 Notes until the A2 Notes are redeemed in full;

(iii) third, to the holders of the A3 Notes in respect of principal of the A3 Notes until the A3 Notes are redeemed in full;

(iv) fourth, to the holders of the M1 Notes in respect of principal of the M1 Notes until the M1 Notes are redeemed in full;

(v) fifth, to the holders of the M2 Notes in respect of principal of the M2 Notes until the M2 Notes are redeemed in full; and

(vi) sixth, to the holders of the B1 Notes in respect of principal of the B1 Notes until the B1 Notes are redeemed in full,

provided always that the Actual Redemption Funds shall not be applied in the order set out in the Principal Priority of Payments but shall instead be applied *pro rata* between items (i) to (vi) of the Principal Priority of Payments ("**Pro rata Principal Priority of Payments**") on any such Payment Date immediately succeeding a Determination Date on which all of the following conditions are met:

(i) after the previous Payment Date, the result produced by the fraction (M+B1)/(A+M+B1) is greater than or equal to twice the result produced by that fraction as at the Issue Date;

(ii) all balances on each of the Principal Deficiency Sub-Ledgers are zero;

(iii) the balance of the Reserve Fund is at the Reserve Fund Required Amount;

(iv) the Liquidity Drawn Amount is zero; and

(v) the total balance of all Mortgage Loans in the Mortgage Pool which are 90 days or more in arrears does not exceed 17 per cent. of the total balance of all the Mortgage Loans in the Mortgage Pool.

For the purposes of this paragraph, as at any date:

A = the aggregate Base Currency PAO of the A Notes on such date;

M = the aggregate Base Currency PAO of the M Notes on such date; and

B1 = the aggregate Base Currency PAO of the B1 Notes on such date.

The Administrator is responsible, pursuant to the Administration Agreement, for determining the amount of the Actual Redemption Funds as at any Determination Date preceding a Payment 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 Trustee and all Offered Noteholders and no liability to the Offered Noteholders shall attach to the Issuer, the Trustee or (in such absence as aforesaid) the Administrator in connection therewith. Such Actual Redemption Funds will be applied in accordance with the Principal Priority of Payments as set out in Condition 2(d) of the "*Terms and Conditions of the Offered Notes*".

On each Payment Date, the Mortgage Early Repayment Charges calculated on the preceding MER Determination Date will be applied first in payment of amounts due to the MER Loan Provider under the MER Loan Agreement and following repayment in full of all amounts outstanding under the MER Loan Agreement only, in payment to the MERC Holders.

On each Determination Date, the aggregate of (a) the amount of Further Advances which GMAC-RFC is committed to advancing (but has not yet advanced) as at the relevant Determination Date and (b) the amount which GMAC-RFC anticipates it will require for future (but uncommitted) Further Advances, such amount (in respect of this item (b) only) not to be greater than £500,000 (such aggregate amount, the "**Committed Further Advances**") will be transferred from the Principal Ledger to a ledger for that purpose (the "**Further Advances Ledger**"). Available Capital Funds may be applied or set aside by the Issuer on any day for the making of Further Advances after any amounts then standing to the credit of the Further Advances Ledger have been exhausted.

The amount of "**Actual Redemption Funds**" as at any Determination Date preceding a Payment Date is an amount calculated as the aggregate of:

(a) the amount standing to the credit of the Principal Ledger and the amount (if any) standing to the credit of the Further Advances Ledger (before the transfer of the Committed Further Advances calculated on that Determination Date from the Principal Ledger) in each case as at the last Business Day of the month immediately preceding such Determination Date; and

(b) the amount (if any) calculated on the Determination Date pursuant to the Pre-Enforcement Priority of Payments to be the amount by which the debit balance on any Principal Deficiency Sub- Ledger is expected to be reduced by the application of Available Revenue Funds on the immediately succeeding Payment Date,

LESS

the Committed Further Advances calculated on such Determination Date.

For the purpose of the foregoing:

"**Available Capital Funds**" means, on any day during an Interest Period (including on a Determination Date), an amount represented by the amount standing to the credit of the 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 such Actual Redemption Funds, (a) any commitments to purchase Substitute Mortgage Loans on the immediately succeeding Payment Date and (b) the amount of such Actual Redemption Funds calculated on the relevant Determination Date. The amount of Actual Redemption Funds will be applied to redeem the Offered Notes in the order provided in Condition 5(b) of the "*Terms and Conditions of the Offered Notes*".

THE ISSUER

Introduction

The Issuer was incorporated and registered in England and Wales with registered number 05537605 under the Companies Act 1985 as a company with limited liability on 16 August 2005. The Issuer's registered office is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ. The Issuer's authorised share capital comprises 50,000 ordinary shares of £1 each. The Issuer's issued share capital of 50,000 ordinary shares of £1 each (of which £12,502 is paid up) is held by Holdings. A.7.5.2 A7.4.3 A7.4.4 A7.4.5

A7.4.1

The Issuer is organised as a special purpose company, established for the purpose of issuing the Offered Notes, the MERCs and the Residuals, and will be mostly passive. The Issuer has no subsidiaries. GMAC-RFC does not own, directly or indirectly, any of the share capital of the Issuer.

Directors

The directors of the Issuer and their respective business addresses and principal activities are: A7.6.1

Name	*Address*	*Principal Activities*
William Brian Acheson	Eastern Gate Brants Bridge Bracknell Berkshire RG12 9BZ	Director of securitisation issuance companies Director GMAC-RFC Limited
SFM Directors Limited	35 Great St Helen's London EC3A 6AP	Director of special purpose vehicles
SFM Directors (No. 2) Limited	35 Great St Helen's London EC3A 6AP	Director of special purpose vehicles

The Company Secretary of the Issuer is Karen Edmonds.

A7.4.5

The registered office and the head office of the Issuer is at Eastern Gate, Brants Bridge, Bracknell, Berkshire RG12 9BZ, telephone number +44 (0) 870 4844484. A7.7.1

The directors of SFM Directors Limited and SFM Directors (No. 2) Limited are Jonathan E. Keighley, James G.S. Macdonald and Robert W. Berry.

The Issuer is wholly owned by its UK holding company Holdings which is wholly owned by the Share Trustee subject to a trust for the benefit of charitable institutions.

In accordance with the Corporate Services Agreement, GMAC-RFC 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 an annual fee.

Activities

The Issuer has been established specifically to acquire the Mortgage Pool. Its activities will be restricted by the terms and conditions of the Offered Notes, MERCs, Residuals and the Documents and will be limited to the issue of the Offered Notes, MERCs and Residuals, borrowing pursuant to the MER Loan Agreement, the ownership of the Mortgage Loans and their Related Security and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include (a) the collection of all payments of (principal and interest) due from Borrowers on Mortgage Loans; (b) the operation of arrears procedures; (c) the enforcement of Mortgage Loans and their Related Security against Borrowers in default; (d) the funding of Further Advances made by GMAC-RFC on the Mortgage Loans; and (e) the purchasing of Consolidated Mortgage Loans and Substitute Mortgage Loans. Substantially all of the above activities will be sub-contracted to the Administrator on an agency basis under the Administration Agreement. The Issuer (with the consent of the Trustee) or the Trustee may revoke the agency (and, simultaneously, the rights) of the Administrator in certain circumstances, following an Event of Default in relation to the Offered Notes. Following such an event, the Issuer (with the consent of the Trustee) or the Trustee may, subject to certain conditions, appoint substitute administrators. A7.5.1

USE OF PROCEEDS

A13.6.1

The net proceeds of the issue of the Offered Notes (after exchanging the net US dollar proceeds of the USD Notes for sterling proceeds, calculated by reference to the USD Currency Swap Rate) are expected to amount to approximately £399,291,226.00 and will be applied in the purchase by the Issuer of the Completion Mortgage Pool from GMAC-RFC on the Issue Date. Amounts advanced under the MER Loan Agreement will be used to fund the deposit into the Reserve Fund and the Discount Reserve, the expenses of the issue being start-up costs, the underwriting and selling commissions in respect of the Offered Notes and the Discount Reserve. The start-up costs (including the underwriting and selling commissions payable in respect of the Offered Notes, expenses incurred in connection with the offering of the Offered Notes and the fee payable to the Cap Provider under the Interest Rate Cap Agreement), together with the deposit into the Reserve Fund and the Discount Reserve relating to the issue of the Offered Notes are estimated not to exceed £[•].

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. A7.8.1 A7.4.6

The following table shows the unaudited capitalisation of the Issuer as at the date hereof, adjusted for the issue of the Offered Notes:

Share Capital	**£**
Authorised	
50,000 Ordinary Shares of £1 each	50,000
Issued	
50,000 Ordinary Shares of £1 each, 2 of which are fully paid and the remaining 49,998 paid up to 25%	12,502
	12,502
Borrowings[1]	
The Offered Notes	400,000,000 [2]

As at the date hereof, save as disclosed above, 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.

(1) The value of the MERCs and Residuals is contingent upon future events and they are not included under "Borrowings" above.

(2) £400,000,000 of which £120,000,000 is denominated in US dollars and has been converted at the exchange rate of one pound sterling to USD1.71666666666667.

ACCOUNTANTS' REPORT

The following is the text of a report received by the Board of Directors of the Issuer from PricewaterhouseCoopers LLP, Chartered Accountants, the reporting accountants to the Issuer:

The Directors
RMAC 2005-NS4 Plc
Eastern Gate
Brants Bridge
Bracknell
Berkshire
RG12 9BZ

2 December 2005

RMAC 2005-NS4 Plc (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the Offering Circular of the Company dated 2 December 2005, relating to the issue of Mortgage Backed Floating Rate Notes (the "**Offering Circular**").

The Company was originally incorporated as a public limited company on 16 August 2005. The Company has not yet commenced to trade, has prepared no financial statements for presentation to its members and has not declared or paid a dividend.

Basis of Preparation

The financial information set out below is based on the financial records of the Company to which no adjustment was considered necessary. This report is required by item 11.1 of Annex IX of Commission Regulation (EC) No 809/2004 (the "Prospecuts Regulation") and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to compile the financial information set out in our report from the financial records, to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purpose of the Offering Circular, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the circumstances of the Company and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Circular dated 2 December 2005, a true and fair view of the state of affairs of the Company as at the date stated and of its profits and cash flows for the period then ended, in accordance with the basis of preparation set out in note 1.

Financial Information

Balance Sheet of the Company
as at 2 December 2005

	£
Current Assets	
Cash at bank	12,502
Total Current Assets	12,502
Capital and Reserves	
Called up Share Capital	12,502
Equity Shareholders' Fund	12,502

Notes to the Financial Information

1. Accounting Convention

The balance sheet has been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

2. Called up Share Capital

Authorised – 50,000 ordinary shares of £1 each

Allotted, issued and fully paid – 2 ordinary shares of £1

Partly paid – 49,998 ordinary shares partly paid to 25 pence each.

3. Ultimate Parent Undertakings

The UK holding company and the ultimate holding company is RMAC Holdings Limited.

The first accounting period of RMAC Holdings Limited ended on 31 December 2001.

4. Reporting Financial Performance

The Company has not traded since incorporation. As a result, no profit and loss account, no statement of total recognised gains and losses or reconciliation of movements in shareholders' funds are provided. Any expenses incurred by the Company are borne by a group company.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2) we are responsible for this report as part of the Offering Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Offering Circular in compliance with item 1.2 of annex IX of the Prospectus Rules.

Yours faithfully,

PricewaterhouseCoopers LLP

GMAC-RFC

GMAC-RFC is a private limited company and was incorporated in England and Wales under the Companies Act 1985 on 6 January 1998. GMAC-RFC was formed by GMAC Residential Funding Corporation, an indirectly wholly owned subsidiary of Residential Capital Corporation, an indirect wholly owned subsidiary of General Motors Corporation. GMAC-RFC's primary business is to provide mortgage services in the UK through intermediaries and other financial institutions. GMAC-RFC originates mortgage loans to borrowers in England, Wales and Scotland and has also in the past originated mortgage loans to borrowers in Northern Ireland. General Motors Corporation has recently announced that it is exploring 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. A7.5.2 A8.3.5

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

THE ACCOUNT BANK, LIQUIDITY FACILITY PROVIDER, GIC PROVIDER, AND MER LOAN PROVIDER

A7.5.2
A8.3.8(a)
A8.3.8(b)

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

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

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

From 2005, the Barclays Group will prepare financial statements on the basis of International Financial Reporting Standards ("**IFRS**"). Based on the unaudited interim financial information as at and for the period ended 30 June 2005, prepared in accordance with IFRS, the Barclays Group had total assets of £850,362 million, total net loans and advances of £272,348 million, total deposits of £302,253 million, and shareholders' equity (excluding minority interests) of £21,824 million. The profit before taxation of the Barclays Group for the period ended 30 June 2005 was £2,690 million after charging an impairment loss on loans and advances and other credit risk provisions of £706 million.

The Barclays Group's audited financial statements for the year ended 31 December 2004 were prepared in accordance with UK Generally Accepted Accounting Principles ("**UK GAAP**"). On this basis, as at 31 December 2004, the Group had total assets of £522,253 million, total net loans and advances of £330,077 million, total deposits of £328,742 million and total shareholders' funds of £18,271 million (including £690 million of non-equity funds). The profit before taxation under UK GAAP for the year ended 31 December 2004 was £4,612 million after charging net provisions for bad and doubtful debts of £1,091 million.

THE CAP PROVIDER AND THE CURRENCY SWAP COUNTERPARTY

On the Issue Date, the Currency Swap Counterparty and the Cap Provider will be HSBC Bank plc acting through its office at 8 Canada Square, Level 3, London E14 5HQ.

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name of Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 9,700 offices in 77 countries and territories in five geographical regions: Europe; Hong Kong SAR; the rest of Asia-Pacific, including the Middle East and Africa; North America and South America. Its total assets at 30 June 2005 were £818 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

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

The information contained above in this section relates to and has been obtained from the Currency Swap Counterparty and the Cap Provider. The delivery of the Offering Circular shall not create any implication that there has been no change in the affairs of the Currency Swap Counterparty or the Cap Provider since the date of this Offering Circular, or that the information contained or referred to in this section is correct as of any time subsequent to the date of this Offering Circular.

HOMELOAN MANAGEMENT LIMITED

Homeloan Management Limited will be appointed as the standby administrator pursuant to the terms of the Standby Administration Agreement. In the event that the appointment of the Administrator pursuant to the Administration Agreement is terminated, the Standby Administrator will agree to provide the equivalent services to the Issuer as set out in the Administration Agreement.

The Administrator has also entered into an agreement with Homeloan Management Limited regarding the sub-contracting out of administration services in relation to the Mortgage Loans. A7.5.2 A8.3.7

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 270,000 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 "*Administration of the Mortgage Pool*" for a summary of the provisions governing the appointment and termination of the Administrator.

THIRD PARTY INFORMATION

The information contained in this Offering Circular with respect to GMAC-RFC, the Account Bank, the Currency Swap Counterparty, Homeloan Management Limited, the Liquidity Facility Provider, the GIC Provider, the MER Loan Provider, the Cap Provider, Homeloan Management Limited and the Administrator 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, the Account Bank, the Currency Swap Counterparty, the Liquidity Facility Provider, the GIC Provider, the Cap Provider, Homeloan Management Limited or the Administrator 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 Offered Noteholders will have any right to proceed directly against GMAC-RFC, the Account Bank, the Liquidity Facility Provider, the Currency Swap Counterparty, the GIC Provider, the MER Loan Provider, the Cap Provider, Homeloan Management Limited or the Administrator in respect of their respective obligations under any of the agreements to which they are party.

A7.1.1
A7.9.2
A13.1.1
A13.7.4

MORTGAGE POOL

Introduction

The Mortgage Pool will comprise: A8.2.2.13 A8.2.2.7

(a) the Completion Mortgage Pool;

(b) any Consolidated Mortgage Loans acquired by the Issuer in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement;

(c) any Substitute Mortgage Loans acquired by the Issuer in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement; and

(d) any Further Advances acquired by the Issuer in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement; and

other than, in any such case, Mortgage Loans which have been repaid and discharged or in respect of which funds representing the principal outstanding have otherwise been received in full, or which have been repurchased by GMAC-RFC pursuant to the Mortgage Sale Agreement or in respect of which Enforcement Procedures have been completed.

The Completion Mortgage Pool will comprise the Mortgage Loans selected by GMAC-RFC from the Initial Mortgage Pool. As of the Cut-Off Date, the Initial Mortgage Pool had the characteristics shown below. See "*Characteristics of the Initial Mortgage Pool*".

Key characteristics of Initial Mortgage Pool

A8.2.2.5

Collateral Statistics	
Aggregate Balance (£)	528,059,326.01
Number of Mortgage Loans	5,222
Average mortgage loan balance (£)	101,122.05
Maximum mortgage loan balance (£)	500,565.65
Weighted average seasoning (years)	0.34
Weighted average remaining term (years)	21.66
Weighted average original loan to value ratio %	75.03%
Self-certified borrowers (by % of balance)	66.04%
Arrears (by % of balance) Days Past Due	
Current	96.57%
30 – 59 days	2.29%
60 – 89 days	0.97%
90 + days	0.16%
% of Portfolio in Arrears (by balance)	3.43%
CCJs (by % of balance)	
Borrowers with 1 CCJ	12.50%
Borrowers with > 1 CCJ	5.45%
Total Borrowers with CCJs (by balance)	17.95%
Aggregate concentrations (by % of balance)	
South East, Greater London, Outer Metropolitan	35.12%
Mortgage Purpose (by % of balance)	
Refinance	64.22%

Purchase	35.78%
Right to Buy (purchase and refinance)	8.25%
Investment Home Loans	2.29%

GMAC-RFC purchased the FM Mortgage Loans from FM in 1998, and full legal and beneficial title to the FM Mortgage Loans is vested in GMAC-RFC. GMAC-RFC believes that the characteristics of the FM Mortgage Loans and the lending criteria pursuant to which the FM Mortgage Loans were originated are substantially similar to those of the Mortgage Loans originated by GMAC-RFC. Accordingly, because of these similarities and due to the relatively small number of FM Mortgage Loans in the Initial Mortgage Pool, the origination procedures and specific characteristics of the FM Mortgage Loans are not described herein.

All of the Mortgage Loans in the Initial Mortgage Pool (with the exception of the FM Mortgage Loans) have been originated in accordance with the Lending Criteria (as in effect on the relevant date) subject to GMAC-RFC's discretion to lend outside the Lending Criteria as described in "*Mortgage Pool – Discretion to Lend Outside Lending Criteria*".

Prior to the Issue Date, in forming the Completion Mortgage Pool, GMAC-RFC will exclude from the Initial Mortgage Pool all Mortgage Loans which do not comply with the Lending Criteria (as in effect on the relevant date) or permitted exceptions (as described below), or with the warranties to be given in respect of the Mortgage Loans in the Mortgage Sale Agreement. Accordingly, the aggregate balance of the Completion Mortgage Pool may be less than the aggregate balance of the Initial Mortgage Pool.

Material Legal Aspects of the Mortgage Loans A8.2.2.1 A.8.2.2.3

The following discussion is a summary of the material legal aspects of English and Scottish residential property loans and mortgages. It is not an exhaustive analysis of the relevant law.

English 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 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 seller, though such other mortgage or interest will rank below the seller'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 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.

GMAC-RFC as Mortgagee

The sale of the English mortgages by GMAC-RFC 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 mortgages. The consequences of this are explained in the section "*Risk Factors – Title of the Issuer*".

Enforcement of Mortgages

If a borrower defaults under a loan, the English mortgage conditions provide that all monies under the loan will become immediately due and payable. GMAC-RFC 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, GMAC-RFC or its successors or assigns may enforce its mortgage in relation to the defaulted 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 mortgagors' 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 is necessary to enforce a land mortgage in certain circumstances as described under "*Risk Factors – Mortgage Loans Regulated by the FSM Act*" and "*Mortgage Loans Regulated by the Consumer Credit Act*".

Scottish Loans

General A8.2.2.1

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 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 GMAC-RFC. Upon intimation to GMAC-RFC (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 GMAC-RFC's standard security shall be restricted to security for advances made prior to such intimation and advances made subsequent to such intimation which GMAC-RFC or the Issuer is 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. GMAC-RFC, 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.

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) trigger 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 owns 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) 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. 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.

GMAC-RFC as Heritable Creditor

The sale of the Scottish mortgages by GMAC-RFC to the Issuer has been given effect by a declaration of trust by GMAC-RFC (and the sale on the closing date and any further sale of Scottish mortgages in the future will be given effect by further declarations of trust), by which the beneficial interest in the Scottish mortgages 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 – Title of the Issuer*".

Enforcement of Mortgages

If a borrower defaults under a Scottish loan, the Scottish mortgage conditions provide that all monies under the loan will become immediately due and payable. GMAC-RFC 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, GMAC-RFC or its successors or assignees may enforce its standard security in relation to the defaulted 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 courts' 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.

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

A court order under the CCA is necessary to enforce a standard security in certain circumstances as described under "*Risk Factors – Mortgage Loans Regulated by the FSM Act*" and " *– Mortgage Loans Regulated by the Consumer Credit Act.*"

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 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 Northern Irish 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 seller, though such other mortgage or interest will rank below the seller's mortgage in priority.

Nature of Property as Security

There are two forms of title to land in Northern Ireland: 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. In addition, fee farm land is effectively freehold subject to a yearly rent and, in certain cases, covenants on the part of the owner.

Registered Title

Title to registered land is registered at the Land Registry of Northern Ireland. Each parcel of land is given a unique folio number. Title to land is established by a land certificate containing official copies of the entries on the register relating to that land. 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 (N.I.) 1970 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 Northern Ireland is now subject to compulsory registration on the happening of any of a number of trigger events, which, unlike England and Wales, does not include the granting of a first legal mortgage. However, a large proportion of land in Northern Ireland (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 Registry of Deeds 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 of Northern Ireland 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 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.

GMAC-RFC as Mortgagee

The sale of the Northern Irish mortgages by GMAC-RFC to the Issuer will take effect in equity only. The Issuer will not apply to the Land Registry or the Registry of Deeds to register or record its equitable interest in the mortgages. The consequences of this are explained in the section "*Risk Factor - Title of the Issuer*".

Enforcement of Mortgages

If a borrower defaults under a loan, the Northern Irish mortgage conditions provide that all monies under the loan will become immediately due and payable. GMAC-RFC 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 Northern Irish mortgage conditions to pay or repay those amounts. In addition, GMAC-RFC or its successors or assigns may enforce its mortgage in relation to the defaulted 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 Conveyancing and Law of Property Act 1881. 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 is necessary to enforce a land mortgage in certain circumstances as described under "*Risk Factors – Mortgage Loans Regulated by the FSM Act*" and "*Mortgage Loans Regulated by the Consumer Credit Act*".

Characteristics of the Mortgage Loans

Repayment Terms

The Mortgage Loans will have different repayment methods as follows:

"**Repayment Mortgage Loan**": monthly instalments covering both interest and principal are payable so 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, GMAC-RFC 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, GMAC-RFC does not require evidence as to the existence of any such policies, and such policies are not charged by way of collateral security.

Of the Mortgage Loans in the Initial Mortgage Pool, approximately 45.20 per cent. by balance are Repayment Mortgage Loans, approximately 52.03 per cent. by balance are Interest Only Mortgage Loans and approximately 2.77 per cent. by balance are Part and Part Mortgage Loans.

Interest Rate Setting – LIBOR-Linked Mortgage Loans

Approximately 30.70 per cent. by loan count and 25.56 per cent. by value of the Mortgage Loans in the Initial Mortgage Pool are currently LIBOR-linked mortgage loans under which interest accrues at a rate (the "**LIBOR-linked Mortgage Rate**") equal to LIBOR plus a fixed margin expressed as a fixed percentage over LIBOR ("**LIBOR-linked Mortgage Loans**"). LIBOR is determined on the 12th day in March, June, September and December by the Administrator on behalf of the Issuer. 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 "**LTV**"), 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 respect of a certain number of these LIBOR-linked Mortgage Loans, representing approximately 19.21 per cent. by loan count and 16.21 per cent. by balance of the LIBOR-Linked Mortgage Loans in the Initial Mortgage Pool, the LIBOR-linked Mortgage Rate has been discounted by between 1.00 per cent. and 2.50 per cent. until one of several dates ending no later than 1 November 2007 ("**Discount LIBOR-linked Mortgage Loans**"). Following the end of their discounted period, the Discount LIBOR-linked Loans will revert to a margin over LIBOR in accordance with the Mortgage Conditions. See "*Characteristics of the Initial Mortgage Pool*".

In respect of a certain number of these LIBOR-linked Mortgage Loans, representing approximately 3.89 per cent. by loan count and 4.19 per cent. by value of the LIBOR-linked Mortgage Loans in the Initial Mortgage Pool are currently fixed rate mortgage loans that will convert to LIBOR-linked Mortgage Loans at the expiry of the relevant fixed-rate period until one of several dates ending no later than 1 September 2008 ("**Fixed LIBOR-linked Loans**"). See "*Characteristics of the Initial Mortgage Pool*".

Interest Rate Setting – BBR-Linked Mortgage Loans

Approximately 69.30 per cent. by loan count and 74.44 per cent. by value of the Mortgage Loans comprised in the Initial Mortgage Pool are currently Bank of England base rate-linked mortgage loans, under which interest accrues at a rate (the "**Bank of England Base Rate-linked Mortgage Rate**") equal to the Bank of England base rate plus a fixed margin expressed as a percentage over the Bank of England base rate ("**BBR-linked Mortgage**

Loans"). Such margin is fixed (in relation to the Bank of England base rate) for the term of the Mortgage Loan.

In respect of a certain number of these BBR-linked Mortgage Loans, representing approximately 12.72 per cent. by loan count and 14.52 per cent. by value of the BBR-linked Mortgage Loans in the Initial Mortgage Pool, the Bank of England Base Rate-linked Mortgage Rate has been discounted by between 0.01 per cent. and 1.00 per cent. until one of several dates ending no later than 1 November 2007 ("**Discount BBR-linked Mortgage Loans**"). See "*Characteristics of the Initial Mortgage Pool*".

In respect of a certain number of these BBR-linked Mortgage Loans, representing, approximately a further 50.63 per cent. by loan count and 53.44 per cent. by value of the BBR-linked Mortgage Loans in the Initial Mortgage Pool are fixed rate mortgage loans that will convert to BBR-linked Mortgage Loans at the expiry of the relevant fixed-rate period until one of several dates ending no later than 1 January 2008 ("**Fixed BBR-linked Mortgage Loans**"). See "*Characteristics of the Initial Mortgage Pool*". For the avoidance of doubt the Fixed BBR-linked Mortgage Loans will not be discounted following conversion to BBR-linked Mortgage Loans.

Under the Administration Agreement, the Administrator will be obliged to effect, within 20 Business Days of 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).

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the conditions of the Mortgage Loans (the "**Mortgage Conditions**"). Each of the Mortgage Loans in the Initial Mortgage Pool has one of the same three payment dates, which are the 1st, 15th and last working day of each month (the "**Mortgage Payment Dates**"). All payments by direct debit are made on one of these three specific days. Payments by methods other than direct debit are received throughout the month. See "*Administration of the Mortgage Pool – Collection of Payments*".

Origination Procedures and Monitoring of Brokers A8.2.2.7

GMAC-RFC may derive its mortgage business from the following sources: through a network of Packagers (as defined below), who may be remote processors or, before 31 October 2004, correspondent lenders and through intermediaries and brokers. None of the Mortgage Loans in the Initial Mortgage Pool are derived from direct dealings with consumers. GMAC-RFC regularly monitors the performance of all its partners during the course of its business.

GMAC-RFC sources its mortgage business primarily through a network of authorised packagers that have been approved by GMAC-RFC (the "**Packagers**") for the submission of loan applications and the introduction of potential borrowers to GMAC-RFC and its mortgage and related financial products. GMAC-RFC has approximately 90 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) (as defined below), GMAC-RFC sourced business direct from mortgage intermediaries that were registered with the appropriate self-regulatory body to conduct mortgage business; on and from N(M), GMAC-RFC 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 FSM Act. See "Regulation of the UK Residential Mortgage Market". This business is processed through GMAC RFC's headquarters in Bracknell. From time to time, a number of these intermediaries also carry on packaging activities for GMAC-RFC.

GMAC-RFC requires professional and business standards to be met as a precondition to becoming one of its Packagers or Remote Processors. Before becoming a GMAC-RFC Packager or Remote Processor, a packager or remote processor must, among other things, confirm that: (a) it holds all necessary authorisations and permissions under the FSM Act in respect of its activities as a packager or remote packager; (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 GMAC-RFC Packager or Remote Processor.

Prior to 31 October 2004, GMAC-RFC 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 GMAC-RFC's standard terms mortgage documentation. The CL Originators applied GMAC-RFC's Lending Criteria (as defined below). An underwriter who was employed by GMAC-RFC 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**"), GMAC-RFC received a certificate of title from a firm of solicitors representing both the CL Originator and GMAC-RFC confirming the title to the property to be charged and in compliance with GMAC-RFC's guidelines and instructions. GMAC-RFC 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 GMAC-RFC (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. GMAC-RFC registered the transfer 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 31 October 2004 was completed within the remote processing programme. Approximately 5.03 per cent. by balance of the Mortgage Loans in the Initial Mortgage Pool were originated under the correspondent lending programme.

GMAC-RFC 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 GMAC-RFC using GMAC-RFC's standard terms mortgage documentation. The Remote Processors use underwriters who are trained and supervised by GMAC-RFC to apply GMAC-RFC's Lending Criteria (as defined below). An underwriter who is employed by GMAC-RFC and located on the Remote

Processor's premises gives the final approval for each mortgage application. The programme accounts for approximately 32.80 per cent. by balance of the Initial Mortgage Pool.

Right-to-Buy Scheme

Approximately 8.25 per cent. of the Mortgage Loans in the Initial Mortgage Pool by balance and 13.14 per cent. by loan count were extended to the relevant Borrowers in connection with the purchase by those Borrowers of properties from the Local Authority under the "right-to-buy" scheme governed by the Housing Act 1985 (as amended) or (as applicable) the Housing (Scotland) Act 1987 (the "**RTB Loans**"). RTB Loans form an important part of GMAC-RFC's business. However, maintaining a balance in the portfolio is key to GMAC-RFC, 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 Local Authority 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. A purchaser under this scheme must (in England and Wales) repay the whole of the discount if he sells the property within one year of acquiring it from the Local Authority, 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 Local Authority, two thirds if he does so within two years and one third if within three years. For sales agreed since 18 January 2005, the 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 Local Authority. The Local Authority 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 FSM Act (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 issues a deed of postponement postponing its statutory charge to that of a mortgage lender.

GMAC-RFC 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 purchase price payable by the purchaser would be considered not to be for the purpose of enabling him to exercise the right to buy and therefore would not benefit from the subordination of the statutory charge and so would prevent the mortgage loan from being a regulated mortgage contract under the FSM Act (at least until the liability to repay any of the discount ceases or is discharged in full). GMAC-RFC will, in the Mortgage Sale Agreement, warrant that all Mortgage Loans originated by it were made to the person exercising the right to buy wholly for the purpose of enabling the recipient thereof to purchase the relevant Property (save where insurance cover has been obtained (see "*Other Title Insurance*" below) or a deed of postponement has been granted by the local authority).

None of the CL Originators were approved lending institutions under the Housing Act 1985. Approximately 1.19 per cent. of the Mortgage Loans in the Initial Mortgage Pool by loan count and 0.71 per cent. by value are RTB Loans originated by the CL Originators. 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, GMAC-RFC has obtained insurance cover from London European Title Insurance Services Limited in respect of such risk and GMAC-RFC will covenant in the Mortgage Sale Agreement to maintain similar insurance at the Issuer's expense in its capacity as Administrator. The benefit of the relevant policy will be transferred to the Issuer under the terms of the Mortgage Sale Agreement.

Lending Criteria

Mortgage applications are sent to the underwriting department or passed through an electronic credit analysis system in the first instance to determine whether a potential Borrower meets the general underwriting guidelines of GMAC-RFC pursuant to which the Mortgage Loans have been originated (the "**Lending Criteria**"). A8.2.2.7

GMAC-RFC will warrant to the Issuer and the Trustee in the Mortgage Sale Agreement (a) that the nature and amount of each Mortgage Loan, 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 (b) that, subject to the completion of any pending registrations, legal and beneficial title of all the Mortgage Loans will be, immediately prior to the execution of the Mortgage Sale Agreement or at the relevant assignment date, vested absolutely in GMAC-RFC.

General and Lending Criteria Categories

A.8.2.2.2(b)

The Mortgage Loans were underwritten generally in accordance with the Lending Criteria.

These Lending Criteria consider, among other things, a borrower's credit history, employment history, status and repayment ability, as well as the value of the property to be mortgaged.

The Lending Criteria for Non-Conforming Borrowers contain 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. The Initial Mortgage Pool consists of 2 Mortgage Loans to borrowers who have been subject to repossession in the past.

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, 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 voters' roll as being the residents of the Property.

The majority of applications for Mortgage Loans are processed automatically by Assetwise, GMAC-RFC's decisioning engine, which runs a credit search, conducts credit-scoring and checks the applicant's details against an external fraud detection database as well as GMAC-RFC'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.

GMAC-RFC 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 GMAC-RFC within approximately one minute. The applications through the POSD system are also processed by Assetwise.

Cascade functionality was introduced on POSD and Assetwise from 10th 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 on the next available platform that have received an accept decision. If there are no suitable products, the broker will be advised.

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 program has been successfully piloted across all product ranges and GMAC-RFC 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. All Mortgage Loans originated through POSD remain subject to GMAC-RFC's underwriting policies, Lending Criteria and internal polices 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, GMAC-RFC 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.

Mortgage Loan Term

A8.2.2.4

Each Mortgage Loan (with the exception of two Mortgage Loans in the Initial Mortgage Pool) in the Initial Mortgage Pool has an original term of between five and thirty years.

Age of Borrower

Borrowers must be at least 18 years of age prior to the completion of the Mortgage Loan. For 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 parties to a Mortgage Loan.

Employment Details

GMAC-RFC currently checks applicants income ("**Quality Assurance Check**") on a sample basis, although it retains the right to apply Quality Assurance Checks to all applications. Where an applicant is selected for a Quality Assurance Check the applicant will be required to verify their income, and no offer will be made until proof of income has been received.

The policies of GMAC-RFC 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: (a) a formal reference from the applying applicant's employer; (b) a P60 or three months' supporting payslips; or (c) 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: (a) a signed certificate of income or a minimum of one year's (or for 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 £100,000, preparation and signature by a bookkeeper is sufficient; or (b) 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).

On applications where a Quality Assurance Check is not carried out, a telephone call will 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 will be made to the accountant to confirm that he or she acts for the applicant.

Property Types

A8.2.2.1

GMAC-RFC 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 Scottish law or a first legal mortgage (a "**Northern Irish Mortgage**") over a freehold fee farm grant or 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, with the exception of 0.24 per cent. by balance of the Mortgage Loans in the Initial Mortgage Pool, which are secured by a leasehold property the expiry of which post-dates the maturity of the Mortgage Loan by less than 30 years. In relation to leasehold properties serving as security for any Mortgage Loan originated after 22 August 2005, the expiry of the lease must in all cases post-date the maturity of the Mortgage Loan by at least 30 years.

Generally, only properties intended for use exclusively or at least primarily as a principal place of residence will be acceptable. Properties under 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 under 10 years old must have such a guarantee, warranty or certificate.

Certain property types will not be considered for the purposes of providing security for a Mortgage Loan. Examples of properties that would not be deemed acceptable 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; (d) properties of 100 per cent. timber construction; and (e) flats over commercial premises (subject to certain exceptions).

Mortgage Loan Amount

GMAC-RFC will not originate, and will not allow a Remote Processor (or, prior to 31 October 2004, a CL Originator) to originate, a Mortgage Loan that will be £25,000 or less at the time of completion. A Mortgage Loan, including Further Advances, will not exceed £750,000.

Since 17 October 2005, Investment Mortgage Loans may cover a maximum of 10 investment properties where the Mortgage Loans will not exceed £1.5m.

Maximum LTV

A8.2.2.6

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 established by the valuer selected from the approved panel of surveyors (see "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 reflects a discount). The current policy of GMAC-RFC is not to originate, or allow a Remote Processor (or, prior to 31 October 2004, a CL Originator) to originate, Mortgage Loans with an LTV higher than 95 per cent., although a higher LTV may be permitted in certain circumstances.

Income Multiples

The Income Multiples available to Borrowers will be dependant on a combination of LTV and credit score.

Unless an exception applies, a Mortgage Loan will not exceed (a) the income of the primary Borrower multiplied by 3.75 and added to the income of any secondary Borrower or (b) the Borrower's joint income multiplied by 3.25, except where LTV is higher than 85 per cent., in which case a Mortgage Loan will not exceed either (a) the income of the primary Borrower multiplied by 3.50 and added to the income of any secondary Borrower or (b) the Borrowers' joint income multiplied by 3.00.

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. From 15 January 2005, for Mortgage Loans which are not processed by Assetwise, underwriters sometimes incorporate into their underwriting procedures an affordability test, which attempts to estimate the ability of a Borrower to make payments under a Mortgage Loan. The affordability test serves merely as an underwriting tool and, as such, is a contributing factor in an underwriter's decision of whether to accept or reject an application for Mortgage Loans.

Changes to Lending Criteria

GMAC-RFC 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 the Mortgage Pool if they were originated in accordance with the Lending Criteria (varied as specified herein) and the conditions contained in "*Administration of the Mortgage Pool – Further Advances and Substitution*" have been satisfied, and may include other types of Mortgage Loans if the Rating Agencies have confirmed that the then current ratings of the Offered Notes would not be adversely affected thereby.

Credit History

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

Where a CCJ relating to a Borrower has been revealed by the credit reference search or instalment arrears have been revealed by lenders' or landlords' references or a Borrower has been subject to a BO or an IVA, explanations are generally obtained.

GMAC-RFC generally considers the accumulated aggregate value 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. See "*– Interest Rate Setting*" above. 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 the preceding three 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 GMAC-RFC. 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, Properties are required to be valued on-site by a qualified surveyor chosen from a panel of GMAC-RFC approved valuation firms. Valuations must be completed before an offer can be made. The qualified surveyor will be instructed by GMAC-RFC or the packager or Remote Processor (or, prior to 31 October 2004, 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, GMAC-RFC 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. GMAC-RFC uses an automated process as the initial check within the valuation audit process. Drive-by valuations are 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 GMAC-RFC'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, GMAC-RFC 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. The retention is 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 GMAC-RFC generally considers to be no longer than six months. The Administrator will be responsible for releasing any existing outstanding retentions on Mortgage Loans in the Mortgage Pool.

As at the Cut-Off Date, approximately £90,122.46 in retention monies relating to the Mortgage Loans in the Initial Mortgage Pool were being held by GMAC RFC awaiting the completion of required works on the Properties.

Borrower Maintenance Covenants

In relation to each of the Mortgage Loans in the Mortgage Pool, 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 GMAC-RFC to enter the Property at any reasonable time to inspect it and to carry out work which GMAC-RFC has requested the relevant Borrower to do and which the Borrower has failed to do within a reasonable time. If GMAC-RFC becomes aware that the relevant Borrower is in violation of his covenants, statutory requirements or other obligations, GMAC-RFC will take appropriate action to protect its security.

Buildings Insurance

It is a condition of each Mortgage Loan 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). GMAC-RFC requires that the firm of solicitors or licensed conveyancers acting on behalf of the Borrower or in certain circumstances on behalf of GMAC-RFC confirms prior to completion that the current insurance policy complies with the requirements of GMAC-RFC. In all of these cases, the interest of GMAC-RFC is noted on the relevant policy from the date of completion of the Mortgage Loan. GMAC-RFC 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. A8.2.2.10

Further Advances

Further Advances are governed by the Lending Criteria and, together with the initial advances, must not exceed the maximum loan amount permitted by the Lending Criteria. Generally, the Borrower must not be in arrears in relation to the existing Mortgage Loan, and should not have been in arrears for any significant period of time. This policy is, however, subject to some exceptions, taken on a case-by-case basis.

Express Completion Service

In January 1999, GMAC-RFC 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 GMAC-RFC 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 5th Floor, Minerva House, Valpy Street, Reading, RG1 1AQ, provides a home loan protection policy on a Property for the sole benefit of GMAC-RFC. 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 GMAC-RFC. The agent then arranges execution of the relevant documents, requests the funds from GMAC-RFC and, upon receipt, disburses such funds under GMAC-RFC's instructions and completes the transaction. The Express Completion Service may also be conducted by CL Originators and Remote Processors.

There are 12 Mortgage Loans in the Initial Mortgage Pool that have been originated pursuant to the Express Completion Service, representing an aggregate principal loan balance of approximately 0.22 per cent. of the Initial Mortgage Pool balance. The benefit of the First Title policy is assigned by GMAC-RFC to the Issuer pursuant to the Mortgage Sale 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, GMAC-RFC (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 benefit of the Legal & Insurance Services Limited policy is assigned by GMAC-RFC to the Issuer pursuant to the Mortgage Sale Agreement.

GMAC-RFC 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. GMAC-RFC 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.

GMAC-RFC has obtained insurance cover ("**Right to Buy Insurance**") from London & European Title Insurance Services Limited of 5th Floor, Minerva House, Valpy Street, Reading, Berkshire RG1 1AQ. The policy is a full title insurance policy, plus it allows GMAC-RFC (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 GMAC-RFC 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 Mortgage Sale 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 GMAC-RFC approved licensed conveyancers to act on its behalf as well as on behalf of GMAC-RFC on the origination of the Mortgage Loan. The nominated firm must meet certain minimum requirements. For instance, the solicitors firm acting on behalf of GMAC-RFC 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, GMAC-RFC 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

GMAC-RFC offers a type of mortgage loan exclusively for investment properties ("**Investment Properties**") ("**Investment Mortgage Loans**"). Prohibited from occupying an Investment Property itself, the Borrower must let an Investment Property within three months of completion on a six or 12 month shorthold tenancy or on a company let not exceeding 36 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. GMAC-RFC takes no additional security for the purposes of the Investment Mortgage Loans.

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

1. 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 be at least 100 per cent. (or, before 12 May 2005, 125 per cent.) of the monthly mortgage interest payment depending on the product.

2. For similar reasons, GMAC-RFC 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 minimum age for a Borrower is 21 for this product.

3. The maximum LTV for an Investment Mortgage Loan to a Non-Conforming Borrower is 85 per cent.

4. As the primary assessment on the Borrower's ability to pay is based on expected rental income, this is assessed as part of the valuation (see "– *Valuation*" above).

5. No more than two Borrowers may be party to an Investment Mortgage Loan.

Only 169 of the Mortgage Loans in the Initial Mortgage Pool (representing an aggregate principal loan balance of approximately £12,082,356.39) are Investment Mortgage Loans. These Mortgage Loans represent approximately 2.29 per cent. by balance of the Initial Mortgage Pool.

The general policy of GMAC-RFC in relation to its Mortgage Loans is to restrict the ability of the Borrower to let the relevant Property. However, in addition to the Investment Mortgage Loans, exceptions have been granted in relation to certain of the other Mortgage Loans in the Initial Mortgage Pool to allow the Borrowers to let their Properties. In such circumstances, GMAC-RFC increases the Mortgage Rate on such Mortgage Loans.

Fraud Prevention

GMAC-RFC 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 GMAC-RFC's lending policy and criteria and protecting, controlling and reducing GMAC-RFC'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.

GMAC-RFC 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 packagers; and (d) an exceptions reporting policy.

CHARACTERISTICS OF THE INITIAL MORTGAGE POOL

The Initial Mortgage Pool has the aggregate characteristics indicated in Tables 1-16. (Columns of percentages may not add up to 100 per cent. due to rounding.) The valuations quoted in this section are as at the date of the initial origination of the Mortgage Loans.

A8.2.2.16

Table 1 – Distribution of Mortgage Loans by Original Loan to Value Ratios

A8.2.2.6

Original LTV %	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
0.01% - 25.00%	51	0.98	2,217,301.62	0.42
25.01% - 50.00%	526	10.07	35,073,261.69	6.64
50.01% - 55.00%	218	4.17	15,209,953.74	2.88
55.01% - 60.00%	294	5.63	23,225,485.97	4.40
60.01% - 65.00%	367	7.03	29,038,668.76	5.50
65.01% - 70.00%	424	8.12	38,121,807.77	7.22
70.01% - 75.00%	817	15.65	79,741,879.44	15.10
75.01% - 80.00%	561	10.74	61,297,579.62	11.61
80.01% - 85.00%	1,495	28.63	188,831,085.51	35.76
85.01% - 90.00%	409	7.83	48,172,557.64	9.12
90.01% - 95.00%	60	1.15	7,129,744.25	1.35
	5,222	100.00	528,059,326.01	100.00

Weighted Average LTV	75.03%
Minimum LTV	8.24%
Maximum LTV	95.00%

Table 2 – Distribution of Mortgage Loans by Current Principal Balance

Current Principal Balance (£)	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
0.00 - 20,000.00	17	0.33	265,468.32	0.05
20,000.01 - 30,000.00	88	1.69	2,289,851.12	0.43
30,000.01 - 40,000.00	230	4.40	8,051,770.97	1.52
40,000.01 - 50,000.00	402	7.70	17,992,943.99	3.41
50,000.01 - 60,000.00	518	9.92	28,153,199.73	5.33
60,000.01 - 70,000.00	567	10.86	36,623,709.65	6.94
70,000.01 - 80,000.00	526	10.07	39,037,717.63	7.39
80,000.01 - 90,000.00	402	7.70	33,929,660.17	6.43
90,000.01 - 100,000.00	356	6.82	33,686,734.99	6.38
100,000.01 - 110,000.00	360	6.89	37,452,588.78	7.09
110,000.01 - 120,000.00	292	5.59	33,497,597.18	6.34
120,000.01 - 130,000.00	236	4.52	29,352,711.57	5.56
130,000.01 - 140,000.00	207	3.96	27,885,691.77	5.28
140,000.01 - 150,000.00	191	3.66	27,556,334.29	5.22
150,000.01 - 175,000.00	326	6.24	52,433,139.50	9.93
175,000.01 - 200,000.00	175	3.35	32,721,974.83	6.20
200,000.01 - 225,000.00	125	2.39	26,195,128.38	4.96
225,000.01 - 250,000.00	56	1.07	13,226,467.15	2.50
250,000.01 - 350,000.00	109	2.09	31,409,436.70	5.95
350,000.01 - 500,000.00	37	0.71	15,296,094.37	2.90
500,000.01 - 550,000.00	2	0.04	1,001,104.92	0.19
	5,222	100.00	528,059,326.01	100.00

A8.2.2.5

Average Balance	£101,122.05
Minimum	£5,478.44
Maximum	£500,565.65

Table 3 – Distribution of CCJs by Loan to Value Ratios

Loan to Value %	*No. of Mortgage Loans*	*% of Mortgage Loans*	*No. 0 CCJs*	*% 0 CCJs*	*No. 1 CCJ*	*% 1 CCJs*	*No. >1 CCJs*	*% >1 CCJs*
0.01% - 25.00%	51	0.98	45	0.86	6	0.11	0	0.00
25.01% - 50.00%	526	10.07	443	8.48	63	1.21	20	0.38
50.01% - 55.00%	218	4.17	166	3.18	40	0.77	12	0.23
55.01% - 60.00%	294	5.63	233	4.46	44	0.84	17	0.33
60.01% - 65.00%	367	7.03	292	5.59	47	0.90	28	0.54
65.01% - 70.00%	424	8.12	327	6.26	70	1.34	27	0.52
70.01% - 75.00%	817	15.65	647	12.39	110	2.11	60	1.15
75.01% - 80.00%	561	10.74	443	8.48	79	1.51	39	0.75
80.01% - 85.00%	1,495	28.63	1,220	23.36	185	3.54	90	1.72
85.01% - 90.00%	409	7.83	365	6.99	31	0.59	13	0.25
90.01% - 95.00%	60	1.15	56	1.07	4	0.08	0	0.00
	5,222	100.00	4,237	81.14	679	13.00	306	5.86

Table 4 – Distribution of CCJs by Margin (BBR-Linked Mortgage Loans)

Margin over Bank of England Base Rate %	*No. of Mortgage Loans*	*% of Mortgage Loans*	*No. 0 CCJs*	*% 0 CCJs*	*No. 1 CCJ*	*% 1 CCJs*	*No. >1 CCJs*	*% >1 CCJs*
1.26 - 1.75	319	8.81	283	7.82	31	0.86	5	0.14
1.76 - 2.25	2,915	80.55	2,457	67.89	349	9.64	109	3.01
2.26 - 2.75	310	8.57	233	6.44	50	1.38	27	0.75
2.76 - 3.25	73	2.02	46	1.27	16	0.44	11	0.30
3.26 - 6.00	2	0.06	1	0.03	1	0.03	0	0.00
	3,619	100.00	3,020	83.45	447	12.35	152	4.20

Weighted Average Margin over BBR	2.06
Minimum	1.44
Maximum	3.64

Table 5 – Distribution of CCJs by Margin (LIBOR-Linked Mortgage Loans)

Margin over LIBOR %	*No. of Mortgage Loans*	*% of Mortgage Loans*	*No. 0 CCJs*	*% 0 CCJs*	*No. 1 CCJ*	*% 1 CCJs*	*No. >1 CCJs*	*% >1 CCJs*
0.00 - 2.00	176	10.98	157	9.79	15	0.94	4	0.25
2.01 - 2.50	427	26.64	354	22.08	53	3.31	20	1.25
2.51 - 3.00	429	26.76	324	20.21	63	3.93	42	2.62
3.01 - 3.50	206	12.85	142	8.86	38	2.37	26	1.62
3.51 - 4.00	137	8.55	91	5.68	19	1.19	27	1.68
4.01 - 4.50	158	9.86	115	7.17	25	1.56	18	1.12
4.51 - 5.00	50	3.12	27	1.68	14	0.87	9	0.56
5.01 - 5.50	12	0.75	4	0.25	3	0.19	5	0.31
5.51 - 6.00	2	0.12	1	0.06	0	0.00	1	0.06
6.01 - 7.00	6	0.37	2	0.12	2	0.12	2	0.12
	1,603	100.00	1,217	75.92	232	14.47	154	9.61

Weighted Average Margin over LIBOR	3.05
Minimum	1.50
Maximum	7.00

Table 6 – Distribution of Mortgage Loans by Loan Purpose

Loan Purpose	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Purchase	1,895	36.29	188,962,205.98	35.78
Remortgage	3,327	63.71	339,097,120.03	64.22
	5,222	100.00	528,059,326.01	100.00

Table 7 – Distribution of Mortgage Loans by Tenure by Original LTV

Original Loan to Value Ratio %	*No. of Mortgage Loans*	*% of Mortgage Loans*	*No. of Freehold*	*% of Freehold*	*No. of Leasehold*	*% of Leasehold*	*No. of Feuhold*	*% of Feuhold*
0.01% - 25.00%	51	0.98	40	0.77	8	0.15	3	0.06
25.01% - 50.00%	526	10.07	457	8.75	43	0.82	26	0.50
50.01% - 55.00%	218	4.17	180	3.45	20	0.38	18	0.34
55.01% - 60.00%	294	5.63	256	4.90	24	0.46	14	0.27
60.01% - 65.00%	367	7.03	310	5.94	38	0.73	19	0.36
65.01% - 70.00%	424	8.12	347	6.64	52	1.00	25	0.48
70.01% - 75.00%	817	15.65	696	13.33	91	1.74	30	0.57
75.01% - 80.00%	561	10.74	467	8.94	56	1.07	38	0.73
80.01% - 85.00%	1,495	28.63	1,237	23.69	150	2.87	108	2.07
85.01% - 90.00%	409	7.83	304	5.82	73	1.40	32	0.61
90.01% - 95.00%	60	1.15	41	0.79	10	0.19	9	0.17
	5,222	100.00	4,335	83.01	565	10.82	322	6.17

Table 8 – Distribution of Mortgage Loans by Property Type

Property Type	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Detached Bungalow	106	2.03	13,643,415.97	2.58
Detached House	569	10.90	94,064,945.34	17.81
End Terraced	706	13.52	63,123,148.92	11.95
Flat/Maisonette	16	0.31	1,967,151.69	0.37
Leasehold Flat	363	6.95	40,163,025.30	7.61
Maisonette	52	1.00	5,728,066.07	1.08
Semi-Detached House	1,714	32.82	166,346,416.38	31.50
Semi-Detached Bungalow	59	1.13	5,645,600.73	1.07
Terraced	1,628	31.18	136,775,562.11	25.90
Terraced Bungalow	9	0.17	601,993.50	0.11
	5,222	100.00	528,059,326.01	100.00

Table 9 – Distribution of Mortgage Loans by Region

Region	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
East Anglia	147	2.82	16,764,516.49	3.17
East Midlands	299	5.73	27,172,773.48	5.15
Greater London	280	5.36	44,881,004.34	8.50
North	380	7.28	27,171,258.76	5.15
North West	789	15.11	65,382,249.60	12.38
Northern Ireland	30	0.57	1,341,724.55	0.25
Outer Metropolitan	327	6.26	50,605,034.14	9.58
Scotland	324	6.20	26,143,084.73	4.95
South East	690	13.21	89,952,046.09	17.03
South West	367	7.03	42,891,623.52	8.12
Wales	515	9.86	43,439,702.02	8.23
West Midlands	569	10.90	52,496,099.05	9.94
Yorkshire	505	9.67	39,818,209.24	7.54
	5,222	100.00	528,059,326.01	100.00

Table 10 – Distribution of Mortgage Loans by Time to Maturity

A8.2.2.4

Months to Maturity	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
0 - 51	9	0.17	574,919.72	0.11
52 - 72	37	0.71	2,299,445.41	0.44
73 - 96	46	0.88	3,283,420.39	0.62
97 - 120	207	3.96	19,797,022.27	3.75
121 - 144	123	2.36	11,317,985.79	2.14
145 - 168	165	3.16	14,970,274.86	2.83
169 - 192	399	7.64	37,135,983.31	7.03
193 - 216	280	5.36	25,638,416.86	4.86
217 - 240	830	15.89	83,763,761.67	15.86
241 - 264	273	5.23	26,766,739.93	5.07
265 - 288	401	7.68	42,073,170.84	7.97
289 - 312	2,097	40.16	224,341,189.69	42.48
313 - 336	19	0.36	1,597,622.09	0.30
337 - 360	334	6.40	34,221,589.44	6.48
361- 420	2	0.04	277,783.74	0.05
	5,222	100.00	528,059,326.01	100.00

Weighted Average Months	259.89
Minimum (Months)	28
Maximum (Months)	419

Table 11 – Distribution of Mortgage Loans by Repayment Method

Repayment Method	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Interest Only	2,177	41.69	274,739,155.59	52.03
Part & Part	136	2.60	14,652,201.45	2.77
Repayment	2,909	55.71	238,667,968.97	45.20
	5,222	100.00	528,059,326.01	100.00

Table 12 – Distribution of Mortgage Loans Currently in Arrears

Days Past Due	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Current	5,074	97.17	509,953,263.50	96.57
30-59 days	101	1.93	12,106,334.58	2.29
60-89 days	40	0.77	5,142,801.02	0.97
90-119 days	6	0.11	723,514.84	0.14
120+ days	1	0.02	133,412.07	0.03
	5,222	100.00	528,059,326.01	100.00

Table 13 – Distribution of Mortgage Loans by Status

Status	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Full Status	2,063	39.51	179,307,211.60	33.96
Self Certified	3,159	60.49	348,752,114.41	66.04
	5,222	100.00	528,059,326.01	100.00

Table 14 – Distribution of Mortgage Loans by Rate Type

Rate Type	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*	*WA Discount %/Fixed %*
DISCOUNT for 2 Months	1	0.02	80,736.94	0.02	1.0
DISCOUNT for 3 Months	56	1.07	4,444,794.93	0.84	1.8
DISCOUNT for 5 Months	22	0.42	2,119,647.04	0.40	1.0
DISCOUNT for 6 Months	169	3.24	14,389,874.80	2.73	2.0
DISCOUNT for 7 Months	64	1.23	4,643,147.19	0.88	2.0
DISCOUNT for 9 Months	180	3.45	16,112,367.34	3.05	2.0
DISCOUNT for 10 Months	93	1.78	8,596,988.76	1.63	2.0
DISCOUNT for 11 Months	186	3.56	15,734,445.91	2.98	2.0
DISCOUNT for 13 Months	6	0.11	834,916.46	0.16	2.4
DISCOUNT for 15 Months	80	1.53	6,760,191.23	1.28	2.0
DISCOUNT for 19 Months	2	0.04	226,889.49	0.04	0.8
DISCOUNT for 21 Months	12	0.23	1,012,077.33	0.19	2.4
DISCOUNT for 22 Months	8	0.15	1,064,944.92	0.20	1.9
DISCOUNT for 23 Months	56	1.07	6,326,823.85	1.20	0.9
DISCOUNT for 24 Months	333	6.38	37,168,451.98	7.04	0.8
DISCOUNT for 25 Months	399	7.64	42,775,442.20	8.10	0.8
Total Discount	1,667	31.92	162,291,740.37	30.73	1.34
FIXED for 3 Months	1	0.02	134,949.36	0.03	6.8
FIXED for 6 Months	1	0.02	120,496.43	0.02	6.2
FIXED for 7 Months	2	0.04	210,702.55	0.04	6.1
FIXED for 9 Months	3	0.06	405,807.42	0.08	6.7
FIXED for 11 Months	13	0.25	1,435,140.22	0.27	6.8
FIXED for 15 Months	18	0.34	1,755,965.84	0.33	7.1
FIXED for 17 Months	3	0.06	268,941.93	0.05	7.3
FIXED for 18 Months	299	5.73	32,583,499.97	6.17	6.8
FIXED for 19 Months	24	0.46	3,292,676.44	0.62	7.5
FIXED for 21 Months	449	8.60	47,480,429.65	8.99	6.8
FIXED for 22 Months	101	1.93	9,820,218.52	1.86	7.2
FIXED for 23 Months	1495	28.63	159,661,532.99	30.24	6.4
FIXED for 27 Months	368	7.05	38,984,161.09	7.38	6.3
FIXED for 30 Months	11	0.21	1,085,379.90	0.21	7.7
FIXED for 33 Months	21	0.40	2,291,368.86	0.43	7.9
FIXED for 35 Months	38	0.73	4,760,907.70	0.90	8.0
Total Fixed	2,847	54.52	304,292,178.87	57.62	6.56
Variable Rate (BBR)	311	5.96	34,273,906.44	6.49	
Variable Rate (LIBOR)	397	7.60	27,201,500.33	5.15	
Total Floating	708	13.56	61,475,406.77	11.64	
	5,222	100.00	528,059,326.01	100.00	

Table 15 – Distribution of Mortgage Early Repayment Charges

Mortgage Early Repayment Charges with reference to redemption in years 1,2,3,4,5 and 6	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Balance*
3%, 2%	1	0.02	115,300.10	0.02
3%, 2%, 1%	25	0.48	3,081,792.05	0.58
3%, 3%	21	0.40	2,004,248.31	0.38
4, 4, 4, 2, 2 Months Gross Interest	44	0.84	2,885,076.05	0.55
5%, 3%, 2%	159	3.04	8,294,053.77	1.57
5%, 4%, 3%	3	0.06	158,879.11	0.03
5, 3, 2 Months Gross Interest	82	1.57	4,956,092.10	0.94
6%, 5%	715	13.69	82,600,992.20	15.64
6%, 5%, 4%	1,292	24.74	119,077,440.72	22.55
6%, 6%	2,665	51.03	284,323,618.78	53.84
6%, 6%, 6%	197	3.77	18,779,368.97	3.56
6,6,6,6,6 Months Gross Interest	18	0.34	1,782,463.85	0.34
Totals	5,222	100.00	528,059,326.01	100.00

Table 16 – Distribution of Mortgage Loans by Loan Index

Loan Index	*No. of Mortgage Loans*	*% of Mortgage Loans*	*Current Principal Balance (£)*	*% of Total Balance*
Bank Base Rate	3,619	69.30	393,112,387.06	74.44
LIBOR	1,603	30.70	134,946,938.95	25.56
	5,222	100.00	528,059,326.01	100.00

TITLE TO THE MORTGAGE POOL

The Mortgage Loans and the Mortgages will be sold by GMAC-RFC to the Issuer. The sale of the English and Northern Irish Mortgage Loans will take effect in equity only, and the sale of the Scottish Mortgage Loans will take effect by means of a trust (save as mentioned below). The Issuer will grant a first fixed equitable charge (or, in the case of Scottish Mortgage Loans, a first fixed charge over its beneficial interest therein) in favour of the Trustee over its interest in the Mortgage Loans and the Mortgages.

The Administrator is required under the terms of the Administration Agreement to ensure the safe custody of title deeds. The Administrator will have custody of title deeds in respect of the Mortgage Loans and the Mortgages as agent of the Issuer. The Administrator has sub-contracted this responsibility to HML. See "*Administration of the Mortgage Pool – Sub-Contracting by the Administrator*".

GMAC-RFC will have legal title to, and beneficial interest in, each Mortgage Loan on the Issue Date (immediately prior to entering into the Mortgage Sale Agreement) or on the date on which such Mortgage Loan is assigned to the Mortgage Pool (immediately prior to its assignment), subject to the completion of registration or recording of legal title, as described herein.

Save in respect of the Mortgage Loans originated by the CL Originators (legal and beneficial title to which was assigned to GMAC-RFC immediately upon origination) and the FM Mortgage Loans (legal and beneficial title to which was assigned to GMAC-RFC in 1998), legal title to the Mortgages securing the Mortgage Loans has, since origination, remained, and in respect of the Mortgage Loans comprised in the Completion Mortgage Pool will remain, with GMAC-RFC. The holding by GMAC-RFC of legal title to Mortgages only recently transferred to or originated by GMAC-RFC will be subject to completion of registration or recording (as applicable) at the Land Registry or the Registers of Scotland or the Northern Ireland Registries as appropriate.

Neither the Issuer nor the Trustee will require legal title to be transferred, conveyed or assigned to the Issuer or apply to the Land Registry, the Registers of Scotland or the Northern Ireland Registries to register or record their interest in such Mortgages except in the limited circumstances referred to below.

Save as mentioned below, notice of the assignment to the Issuer (or, in the case of Scottish Mortgage Loans, the trust granted in favour of the Issuer) and the equitable charge granted by the Issuer in favour of the Trustee will not be given to the Borrowers.

Under the Mortgage Sale Agreement and the Deed of Charge, the Issuer (with the consent of the Trustee) and the Trustee will each be entitled to require legal title to be transferred, conveyed or assigned to the Issuer and to effect such registrations and recordings and give such notices as it considers necessary to protect and perfect the interests respectively of the Issuer (as purchaser) and the Trustee (as chargee) in the Mortgage Loans and the Mortgages, *inter alia*, where (a) it is obliged to do so by law, by court order or by a mandatory requirement of any regulatory authority, (b) an Enforcement Notice (as defined in the Deed of Charge) has been given, (c) the Trustee considers that the Security (as defined in the Deed of Charge) or any part thereof is in jeopardy (including the possible insolvency of GMAC-RFC) or (d) any action is taken for the winding-up, dissolution, administration or reorganisation of GMAC-RFC. These rights are supported by irrevocable powers of attorney given by, *inter alios*, the Issuer and GMAC-RFC.

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages and not registering or recording their respective interest in the Land Registry or the Registers of Scotland or the Northern Ireland Registries (where applicable), a *bona fide* purchaser from GMAC-RFC for value of any of such Mortgages without notice of any of the interests of the Issuer or the Trustee (and certain similar third parties) might obtain a good title free of any such interest. Further, the rights of the Issuer and the Trustee may be or become subject to equities (for example, rights of set-off as between the relevant Borrowers or insurance companies and GMAC-RFC). However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by GMAC-RFC of its contractual obligations or fraud, negligence or mistake on the part of GMAC-RFC or the Issuer or their respective personnel or agents.

Furthermore, for so long as neither the Issuer nor the Trustee has obtained legal title to the Mortgage Loans, GMAC-RFC has undertaken pursuant to the Mortgage Sale Agreement to lend its name to any legal proceedings which may be taken in relation to the enforcement of any Mortgage Loans and their related Mortgages.

SALE OF THE MORTGAGE POOL

On the Issue Date, the Issuer will purchase the Completion Mortgage Pool. Each Mortgage Loan in the Completion Mortgage Pool will be a Mortgage Loan in respect of which the relevant Borrower has made at least one scheduled payment of interest and/or interest and principal (each a "**Monthly Payment**") and such Monthly Payment has been verified by the second Business Day prior to the Issue Date. In addition, further Mortgage Loans may from time to time be included in the Mortgage Pool. These further Mortgage Loans, which may be Consolidated Mortgage Loans, Further Advances or Substitute Mortgage Loans, will be originated under the same underwriting standards as the Completion Mortgage Pool or may include other types of Mortgage Loans if the Rating Agencies have confirmed that the current ratings of the Offered Notes would not be adversely affected thereby. A8.3.3

Consideration

The initial consideration payable by the Issuer to GMAC-RFC for the Completion Mortgage Pool on the Issue Date consists of an amount equal to the aggregate Balances (as defined below) of the Mortgage Loans comprised in the Completion Mortgage Pool as at 31 October 2005. Interest accruing and all other sums received by GMAC-RFC on the Mortgage Loans up to but not including 31 October 2005 will be for the account of GMAC-RFC, and interest accruing and all other sums received by GMAC-RFC on or after 1 November 2005 will be for the account of the Issuer. Further consideration payable by the Issuer for the purchase of the Completion Mortgage Pool and the Consolidated Mortgage Loans and for the transfer of interests in Further Advances shall consist of (a) the payments made in respect of the Residuals and (b) the payments made in respect of the MERCs.

Warranties and Repurchase

A8.2.2.8

The Mortgage Sale Agreement contains warranties given by GMAC-RFC in relation to the Completion Mortgage Pool. No searches, enquiries or independent investigations have been or will be made by the Issuer or the Trustee, each of whom is relying upon the warranties in the Mortgage Sale Agreement and the results of an audit of the Initial Mortgage Pool.

If there is an unremedied or unremediable breach of any of these warranties which could have a material adverse effect on the Mortgage Loan and related Mortgage then GMAC-RFC is required to repurchase the relevant Mortgage Loan and its related Mortgage for a consideration in cash equal to the Balance of the relevant Mortgage Loan and all other amounts due and unpaid under such Mortgage Loan plus accrued and unpaid (but not capitalised) interest less interest not then accrued but paid in advance to the Issuer (which the Issuer shall be entitled to retain) (the "**Repurchase Price**") or to transfer to the Issuer a Substitute Mortgage Loan. Performance of the obligation to repurchase a Mortgage Loan and its related Mortgage or to transfer to the Issuer a Substitute Mortgage Loan will be in satisfaction of all GMAC-RFC's liabilities in respect of the warranties relating to that Mortgage Loan and related Mortgage.

"**Balance**" means, 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.

The warranties referred to will include, *inter alia*, statements to the following effect:

(a) 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 GMAC-RFC in priority to any other charges registered against the relevant Property save where the Right-to-Buy Insurance applies;

(b) subject to completion of any registration or recording which may be pending at the Land Registry or 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;

(c) no lien or right of set-off or counterclaim has been created or has arisen between GMAC-RFC 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;

(d) save for where the Mortgage Loan is covered by a valid title insurance policy, prior to making a Mortgage Loan to a Borrower, GMAC-RFC (or, in relation to the CL Mortgage Loans the relevant CL 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 GMAC-RFC (or, in relation to the CL Mortgage Loans the relevant CL 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 and a certificate of title was received by or on behalf of GMAC-RFC (or, in relation to the CL Mortgage Loans the relevant CL Originator) from such solicitors or licensed conveyancers which, either initially or after further investigation, revealed no material matter which would cause GMAC-RFC or the relevant CL Originator to decline the Mortgage Loan having regard to the Lending Criteria;

(e) prior to making a Mortgage Loan, the relevant Property was valued by a valuer from the panel of valuers from time to time appointed by GMAC-RFC. That valuer complied with its obligation to GMAC-RFC relating to conflicts of interest, impartiality and independence;

(f) prior to making a Mortgage Loan (with the exception of the FM Mortgage Loans), 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 as in effect on the relevant date in all material respects;

(g) each Mortgage Loan and its related Mortgage (with the exception of the FM Mortgage Loans) has been made on the terms of GMAC-RFC's standard documentation (so far as applicable) or the documentation of the CL Originators, which has not been varied in any material respect;

(h) GMAC-RFC or, where applicable, a CL 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 GMAC-RFC (or, in relation to the CL Mortgage Loans, with the approval of the relevant CL Originator), or (ii) under a Block Buildings Policy or, in relation to certain CL Mortgage Loans, a block buildings policy used by the relevant CL Originator, providing equivalent cover, or (iii) with respect to leasehold properties, by the relevant landlord with the approval of GMAC-RFC (or, in relation to the CL Mortgage Loans, with the approval of the relevant CL Originator), and in all cases against risks usually covered by a comprehensive buildings insurance policy and with the interest of GMAC-RFC noted thereon with effect from the origination of the relevant Mortgage Loan (or, in the case of certain CL Mortgage Loans, with effect following the transfer of the Mortgage Loan to GMAC-RFC);

(i) no Mortgage Loan was acquired by GMAC-RFC subject to any discount and no Mortgage Loans have been previously declared defaulted by GMAC-RFC;

(j) no Mortgage Loan has a final maturity beyond the date falling two years prior to the A2-B Final Payment Date;

(k) the interest payable under the Mortgage Loans is determined by reference to: (a) in the case of LIBOR-linked Mortgage Loans, a fixed margin over LIBOR; or (b) in the case of the BBR-linked Mortgage Loans, a fixed margin above the Bank of England base rate; subject, to certain Mortgage Loans having fixed interest rates until one of 16 dates between 1 January 2006 and 1 September 2008;

(l) the Borrower under each Mortgage Loan has made at least one monthly payment;

(m) to the best of GMAC-RFC's knowledge and belief, having made all reasonable enquiries, the Right to Buy Insurance has been complied with; and

(n) in the case of each Mortgage Loan (with the exception of 9 Mortgage Loans in the Initial Mortgage Pool) secured on leasehold property, the relevant leasehold interest has an unexpired term left to run of not less than 30 years after the maturity of the relevant Mortgage Loan.

ADMINISTRATION OF THE MORTGAGE POOL

Mortgage Loan Administration 8.2.3.2 A8.3.7

The Administrator

The Administrator will be appointed under the terms of the Administration Agreement dated on or about the Issue Date between, *inter alios*, the Issuer and the Trustee to administer the Mortgage Loans and the Related Security (as defined in the "*Terms and Conditions of the Offered Notes – Condition 2*") on behalf of, and as agent for, the Issuer, and to manage all cash transactions and maintain cash management ledgers on behalf of, and as agent for, the Issuer and the Trustee.

Pursuant to the terms of the Administration Agreement, the Administrator is obliged to report on a regular basis to the Trustee and the Issuer on the status and the performance of the Mortgage Pool, the administration of the Mortgage Loans and other matters relating to its administrative functions as described herein.

The appointment of GMAC-RFC as Administrator may be terminated by the Issuer (with the consent of the Trustee) or by the Trustee acting on behalf of the Offered Noteholders and other secured creditors on the occurrence of certain events of default, including non-performance of its obligations under the Administration Agreement or if insolvency or similar events occur in relation to GMAC-RFC.

Following any such termination, the Standby Administrator will assume this function under the terms of the Standby Administration Agreement.

The Standby Administration Agreement may be terminated by the Standby Administrator by giving not less than 30 days' written notice to the Trustee, GMAC-RFC as Administrator and the Issuer if an amendment, addition or modification is made to the Administration Agreement or the Deed of Charge to which the Standby Administrator has reasonably refused its consent. The appointment of the Standby Administrator may be terminated by the Issuer by giving not less than 30 days' prior written notice to GMAC-RFC as Administrator, the Trustee and the Standby Administrator, if a successor standby administrator has been appointed who is acceptable to the Trustee and the Current Rating of the Offered Notes is confirmed by the Rating Agencies or the Rating Agencies confirm that a standby administrator is not required.

The Administrator may administer mortgage loans other than the Mortgage Loans.

Collection of Payments

The Administrator is responsible for collecting payments made by Borrowers in respect of the Mortgage Loans which will be made into one of the GMAC-RFC Accounts. The amounts standing to the credit of the GMAC-RFC Accounts will be transferred on a daily basis into the Issuer Transaction Account to the extent they represent receipts in respect of Mortgage Loans within the Mortgage Pool. As at the Cut-Off Date, approximately 93.21 per cent. of the payments from the Borrowers are made by direct debit and the remaining 6.79 per cent. are made by debit card payments, cash, cheques, paying-in books or standing orders. Although Borrowers have the option of choosing from the various methods of payments, GMAC-RFC seeks to obtain payments by direct debit. Borrowers who choose to make payments by direct A8.3.4.5

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 Administrator sends a file to the Bankers Automated Clearing System ("**BACS**") of all direct debit payments. Currently, one of the GMAC-RFC Accounts is credited on the first, the 15th and the last working day of each month for Mortgage Loans. Payments by methods other than direct debit are received throughout the month. The Administrator will receive on-line and written confirmation from BACS of the direct debits. The Administrator will also receive information on the rejection of direct debits with a description of the rejection. To the extent possible the Administrator 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, payments made other than by direct debit will be paid via HML, which will deposit such funds in the Collection Account within one day of receipt. See "*– Sub-Contracting by the Administrator*". All amounts received from Borrowers in the GMAC-RFC Accounts and credited to the Collection Account will be transferred daily from the Collection Account to the Issuer Transaction Account.

All amounts credited to the GMAC-RFC Accounts, the Collection Account and the Expenses Account are held on trust, express or implied, by the Administrator for relevant beneficiaries including the Issuer. The trusts in favour of the Issuer are in respect of all amounts credited to the GMAC-RFC Accounts and the Collection Account, which represent receipts in respect of the Mortgage Loans within the Mortgage Pool.

The GMAC-RFC Accounts, the Collection Account and the Expenses Account are held with Barclays Bank PLC.

The GMAC-RFC Accounts, the Collection Account, the Expenses Account and the Issuer Transaction Account will be operated by the Administrator in accordance with the Bank Agreement and the GIC Account will be operated by the Administrator in accordance with the Guaranteed Investment Contract, until the Account Bank receives notice that an Enforcement Notice has been served. The Account Bank will operate the GMAC-RFC Accounts, the Collection Account, the Expenses Account, the Issuer Transaction Account and the GIC Account in accordance with the instructions of the Administrator.

Arrears and Default Procedures

The Administrator 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 Administrator 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 Administrator 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. A court has discretion (the scope of which may be narrower in Scotland) as to whether, on application by a lender, it 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. 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 Administrator 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 Administrator will be forced to take such action in a minority of cases and, in such cases, the Administration Agreement provides for expenses to be paid to the Administrator in the event of recovery. The GMAC on site team in Padiham manage the relationship and SLA's of the solicitors, asset managers, field counselors and shortfall sale providers, they have done so since outsourcing the post completion work to HML.

Until December 2001, on court applications being made by the lender for the relevant enforcement remedies (once a default by the Borrower had been established by one of the methods detailed in the preceding paragraph), the Scottish courts 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 court 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 by the Administrator

The Administrator is permitted in specified circumstances, or with the prior written consent of the Issuer and the Trustee, to sub-contract or delegate its obligations under the Administration Agreement subject to the proposed arrangement not adversely affecting the current ratings of the Offered Notes assigned by the Rating Agencies.

The Administrator has entered into an agreement with HML whereby HML provides mortgage settlement and related administration services for the Administrator's post-completion activities, including in relation to the Mortgage Loans. These services include payments collection, title deeds, redemptions, services for further advances and for release of retentions, financial control and reporting services, as well as general customer services, in accordance with the Administration Agreement and the Administrator's other policies and procedures. Under the sub- contracting agreement, cash and cheques received by HML from Borrowers are required to be transferred to the Collection Account on the following business day. Direct debit payments continue to be made to a GMAC-RFC Account. HML is also responsible for arrears management but has only limited discretion in that regard and will act under the direct supervision of the Administrator, subject to a detailed collections policy.

The sub-contracting agreement relates solely to post-completion services. GMAC-RFC continues to manage its new business – including underwriting and application processing up to and including completion – from its Head Office in Bracknell, Berkshire and remotely through the Remote Processors and (prior to 31 October 2004) CL Originators.

The Issuer and the Trustee will consent to the sub-contracting of these activities to HML pursuant to the Administration Agreement to be entered into on or before the Issue Date.

Notwithstanding the sub-contracting to HML or any other sub-contracting or delegation of the performance of any of its obligations under the Administration Agreement, the Administrator will remain primarily responsible for the performance of its obligations under the Administration Agreement.

Administration Fees

The Administration Agreement makes provision for payments to be made to the Administrator. On each Payment Date, the Issuer will pay to the Administrator an administration fee (the "**Administration Fee**") (plus Value Added Tax, if any), such fee being an amount equal to one quarter of 0.15 per cent. per annum of the average total principal Balance of the Mortgage Loans outstanding on the first day of each of the three months immediately prior to the relevant Determination Date.

If the appointment of the Administrator is terminated and a substitute administrator which is not an affiliate of GMAC-RFC is appointed, the figure of 0.15 per cent. per annum referred to in the paragraph above will be replaced with a figure agreed with such substitute administrator in accordance with the procedures set out in the Administration Agreement, subject always to the consent of the Trustee.

The Administrator 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 Administrator having placed buildings insurance in relation to the Mortgage Loans with such insurers.

The Administration Fee, certain costs and expenses of the Administrator or any substitute administrator and the aforesaid commissions are to be paid as provided in the Pre-Enforcement Priority of Payments. This order of priority has been agreed with a view to procuring the continuing performance by the Administrator of its duties in relation to the Issuer, the Mortgage Loans, the Offered Notes, the MERCs and the Residuals.

Repayment

A Borrower may repay all or any part of the relevant Mortgage Loan at any time before the end of the mortgage term (a "**Mortgage Early Repayment Amount**"), subject to the Borrower paying any applicable early repayment charge calculated on the basis provided under the Mortgage Loan (the "**Mortgage Early Repayment Charge**"). Exceptions are made, in certain circumstances, to the requirement to pay Mortgage Early Repayment Charges (for instance in cases of death or critical illness of a Borrower or in the case of Consolidated Mortgage Loans). Any amount received by the Issuer in respect of a Mortgage Early Repayment Charge will be for the benefit of the MERC Holders following payment in full of all amounts due to the MER Loan Provider under the MER Loan Agreement and will not be applied towards repayment of any amounts outstanding on the Offered Notes. Interest is calculated on the reduced balance of the Mortgage Loan starting with the next following interest period.

The Mortgage Early Repayment Charges for the Mortgage Loans are calculated as a percentage of the Mortgage Early Repayment Amount or based on months gross interest.

Early repayment will generally occur in two circumstances: (a) a Borrower may voluntarily prepay all or part of the Mortgage Loan or (b) a Borrower may default (or another event of acceleration may occur) and Enforcement Procedures, including the sale of the Property, may take place.

If a Borrower defaults and Enforcement Procedures are initiated, the proceeds arising from such Enforcement Procedures, including the sale proceeds of the relevant Property, may be insufficient to repay the entirety of the amounts owed by the Borrower under the Mortgage Loan.

Under the Administration Agreement, the Administrator will be responsible for handling the procedures connected with the redemption of Mortgage Loans and is authorised by the Trustee and the Issuer to release the relevant Mortgage Loan documents to the person or persons entitled thereto upon redemption. The Administrator may charge a fixed fee for the procedures in connection with the redemption.

Further Advances and Substitution

GMAC-RFC may make Further Advances to Borrowers after each Mortgage Loan has completed or thereafter subject to the following: A8.2.3.1 A8.2.2.9

(a) the relevant Borrower should not be in material breach of any of the conditions of the relevant Borrower's existing mortgage and during the six-month period prior to the making of any Further Advance, the relevant Borrower is not in arrears of any payment;

(b) in making the Further Advance, the Lending Criteria and all eligibility criteria are met (subject to permitted exceptions to such criteria as described in "*The Mortgage Pool – Lending Criteria – Discretion to Lend Outside Lending Criteria*");

(c) the provisions of the FSM Act, Consumer Credit Act 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 Enforcement Notice has been given by the Trustee which remains in effect;

(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) when added to the amount of any Further Advances previously made and the aggregate balances of Substitute Mortgage Loans previously purchased does not exceed 10 per cent. of the aggregate Balances of the Mortgage Loans on the Issue Date, save the figure of 10 per cent. referred to above may be increased from time to time upon the Rating Agencies agreeing that such increase will not adversely affect the current ratings by the Rating Agencies of the Offered Notes and subject to the consent of the Trustee;

(g) GMAC-RFC is not in breach of any obligation on its part to repurchase any Mortgage Loan in accordance with the Mortgage Sale Agreement;

(h) the amount of the Further Advance (together with all other Further Advances made with respect to other Mortgage Loans on that day) does not exceed an amount equal to the aggregate of the Available Capital Funds at such time and the amount standing to the credit of the Further Advances Ledger at such time;

(i) the effect of the Further Advance would not be to extend the final maturity date of the related Mortgage Loan to beyond the date falling two years prior to the A2-B Final Payment Date;

(j) GMAC-RFC has no reason to believe that the making of the relevant Further Advance will adversely affect the current ratings of the Offered Notes; and

(k) all conditions set out in the Administration Agreement and the Mortgage Sale Agreement relating to Further Advances have been satisfied.

If GMAC-RFC agrees to make a Further Advance to a Borrower where the relevant Mortgage Loan is not a regulated mortgage contract under the FSM Act, GMAC-RFC shall, under the terms of the Mortgage Sale Agreement and Administration Agreement, be obliged to repurchase the relevant Mortgage Loan from the Issuer prior to making the Further Advance. In consideration for the repurchase of the Mortgage Loan by GMAC-RFC and the funding of the Further Advance by the Issuer, GMAC-RFC will be obliged to sell to the Issuer the Mortgage Loan consolidated with the Further Advance (a "**Consolidated Mortgage Loan**"). The 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. The Mortgage Sale Agreement will specify the eligibility criteria for the Consolidated Mortgage Loans.

Where GMAC-RFC agrees to make a Further Advance to a Borrower where the relevant Mortgage Loan is a regulated mortgage contract, GMAC-RFC shall transfer its interest in the Further Advance to the Issuer in consideration for the payment by the Issuer of an amount equal to the Further Advance to GMAC-RFC.

GMAC-RFC may make an advance to a Borrower (other than a Further Advance) secured by a second or more junior charge on a Property or related security provided that such advance is made as a separate loan that will not be included in the Mortgage Pool and GMAC-RFC's security for such advance ranks in priority of payment after the priority of the relevant Mortgage Loan in the Mortgage Pool.

At any time that GMAC-RFC is entitled or obliged to repurchase a Mortgage Loan, other than as a result of agreeing to make a Further Advance to a Borrower, GMAC-RFC will be entitled instead to sell to the Issuer a Mortgage Loan (a "**Substitute Mortgage Loan**") subject to the following conditions:

(a) the Substitute Mortgage Loan will not, unless confirmed by the Trustee and the Rating Agencies as not affecting the current ratings of the Offered Notes, be a different type of Mortgage Loan to those Mortgage Loans in the Completion Mortgage Pool;

(b) all conditions set out in the Mortgage Sale Agreement and the Administration Agreement relating to the sale and purchase of Substitute Mortgage Loans will be satisfied;

(c) if the Substitute Mortgage Loan is secured by a Scottish Mortgage, the Issuer and Trustee will obtain a legal opinion from Scottish counsel in respect of such Substitute Mortgage Loan confirming that the documents are legal, valid and binding in relation to such Substitute Mortgage Loan under Scots law;

(d) if the Substitute Mortgage Loan is secured by a Northern Irish Mortgage, the Issuer and Trustee will obtain a legal opinion from Northern Irish counsel 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 Enforcement Notice has been given by the Trustee which remains in effect;

(f) GMAC-RFC is not in breach of any obligation on its part to repurchase any Mortgage Loan in accordance with the Mortgage Sale Agreement; and

(g) the balance of the Substitute Mortgage Loan 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) when added to the amount of any Further Advances previously made and the aggregate balances of Substitute Mortgage Loans previously purchased does not exceed 10 per cent. of the aggregate Balances of the Mortgage Loans on the Issue Date, save that the figure of 10 per cent. referred to above may be increased from time to time upon the Rating Agencies agreeing that such increase will not adversely affect the current ratings by the Rating Agencies of the Offered Notes and subject to the consent of the Trustee.

Conversion of Mortgage Loans

The Issuer is not permitted to convert a Mortgage Loan into any other type of mortgage product. To the extent the Administrator receives a request from a Borrower to convert a Mortgage Loan into another type of mortgage product, the Administrator may approve the conversion of the Mortgage Loan if the request complies with GMAC-RFC's standard policies and procedures. GMAC-RFC will be required under the Mortgage Sale Agreement to repurchase the Mortgage Loan before it is converted, provided that the cumulative total principal amount of Mortgage Loans so repurchased may not exceed one per cent. of the total Principal Amount Outstanding of the Offered Notes on the Issue Date. In any event, if a Borrower pursues a conversion to another mortgage product, the inability of the Issuer to agree to conversions and retain converted Mortgage Loans in the Mortgage Pool may lead to an early repayment of the Offered Notes in respect of the Mortgage Loan concerned.

Information and Reporting

The Administrator is, under the Administration Agreement, responsible for keeping and maintaining records, on a Mortgage Loan by Mortgage Loan basis, and shall prepare quarterly management accounts in respect of the Issuer for the Issuer and the Trustee, to be delivered to the Issuer, the Trustee, the Currency Swap Counterparty and the Rating Agencies, if requested within 30 days of the end of each three-month period. The Administrator shall also, prior to the end of each month following each Payment Date, deliver to the Issuer, the

Rating Agencies, the Currency Swap Counterparty and the Trustee the form of quarterly report prescribed by the Administration Agreement.

In addition, the Administrator shall give notice to the Rating Agencies, the Currency Swap Counterparty and the Trustee of (i) the Offered Notes being repaid in full; (ii) any repurchase of any Mortgage Loan by GMAC-RFC pursuant to the Mortgage Sale Agreement other than in connection with a Further Advance; and (iii) the occurrence of any Event of Default under the Offered Notes.

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 FSM Act 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 FSM Act. 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 FSM Act 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 FSM Act concerning entering into 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 FSM Act 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 FSM Act, 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. 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).

GMAC-RFC's mortgage lending business, its Remote Processors' business, (in some cases) the Packagers' mortgage business, the Administrator's mortgage administration business, GMAC-RFC'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 Trustee arranged for mortgage administration to be carried out by an administrator having the required permission. If such arrangement terminates, however, the Issuer and 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.

GMAC-RFC 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). GMAC-RFC 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

GMAC-RFC 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. GMAC-RFC has never used the Rule of 78 to set such charges.

Lenders regulated by the FSM Act 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.

WEIGHTED AVERAGE LIVES OF THE OFFERED NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Offered Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans and the extent to which Available Revenue Funds are sufficient to cover any Principal Deficiencies.

The model used in this Offering Circular for the Mortgage Loans represents an assumed constant per annum rate of prepayment ("**CPR**") each month relative to the then outstanding principal balance of a pool of mortgages. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgages to be included in the Completion Mortgage Pool.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Mortgage Pool and the following additional assumptions (the "**Modelling Assumptions**"):

(a) there are no arrears (other than those specified herein) or enforcements;

(b) no Mortgage Loan is sold by the Issuer;

(c) no Principal Deficiency arises;

(d) GMAC-RFC is not in breach of the terms of the Mortgage Sale Agreement;

(e) no Mortgage Loan is repurchased by GMAC-RFC;

(f) no Substitute Mortgage Loans are purchased;

(g) no Further Advances are made;

(h) the portfolio mix of loan characteristics remains the same throughout the life of the Offered Notes;

(i) following the expiry of the fixed rate/discount period (if applicable), the interest rate on each Mortgage Loan is equal to LIBOR plus a fixed margin or the Bank of England base rate plus a fixed margin as applicable;

(j) the Offered Notes are issued on 7 December 2005 and all payments on the Offered Notes are received on the 12th day of every third calendar month commencing from 12 March 2006;

(k) LIBOR is equal to 4.59 per cent. and is applied both to the aggregate Base Currency PAO and the Mortgage Loans;

(l) the Bank of England base rate is equal to 4.50 per cent.;

(m) in the case of tables stating "with optional redemption", the Offered Notes are redeemed at their Principal Amount Outstanding on the earlier of the Step-Up Date and the Payment Date following the Payment Date on which the aggregate Base Currency PAO of the Offered Notes is equal to or less than 10 per cent. of the initial Principal Amount Outstanding of the Offered Notes;

(n) interest on the Offered Notes is always calculated on the basis of actual days elapsed in a 365 year (without adjustment);

(o) there is no pre-funding;

(p) the Discount Reserve has not been calculated for the purposes of these calculations;

(q) the Offered Notes will be redeemed in accordance with the Conditions; and

(r) the Mortgage Pool will be purchased on the Issue Date and has the characteristics defined below.

Collateral Line	Current Principal Balance (£)	Mortgage Rate (%)	Fully Indexed Margin (%)	Remaining Term to Maturity (months)	Next Interest Reset (months)	Interest Only Period (months)	Discount (%)	Months to Full Floating Rate
1[1]	14,929,337.23	6.372	1.8724	262	1	261	0.0000	1
2[1]	11,032,826.30	6.329	1.8294	269	1	0	0.0000	1
3[1]	34,637,331.15	6.069	2.1373	245	1	244	0.5679	23
4[1]	23,437,483.86	6.087	2.1224	270	1	0	0.5350	23
5[1]	111,603,623.43	6.495	2.0793	258	22	257	0.0000	22
6[1]	102,138,354.07	6.486	2.0519	272	23	0	0.0000	23
7[2]	36,514,642.36	5.698	3.1572	261	2	260	2.0495	12
8[2]	28,345,017.90	5.346	2.7928	277	2	0	2.0364	12
9[2]	10,355,987.40	7.616	3.2376	252	25	251	0.0000	25
10[2]	6,400,514.26	7.337	2.8869	266	25	0	0.0000	25
11[2]	11,170,324.44	7.730	3.1405	194	2	193	0.0000	2
12[2]	9,434,557.62	7.791	3.2013	195	2	0	0.0000	2

[1] Collateral lines 1-6 are linked to BBR

[2] Collateral lines 7-12 are linked to LIBOR

The actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity and weighted average mortgage rates of the Mortgage Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment of loss experience, will affect the percentage of the initial amount outstanding of the Offered Notes which are outstanding over time and cause the weighted average lives of the Offered Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage CPR.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each class of Offered Notes by the number of years from the date of issuance of the Offered Notes to the related Payment Date, and (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the A1 Notes, the A2 Notes, the A3 Notes, the M1 Notes, the M2 Notes and the B1 Notes. These average lives have been calculated on a 30/360 basis.

Percentage of the Original Principal Amount Outstanding of the A1 Notes at the Specified CPRs

(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	96.5	43.3	25.7	8.2	0.0	0.0	0.0	37.2
12 December 07	93.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 08	89.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 09	86.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 10	82.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 11	77.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 12	73.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 13	68.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 14	63.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 15	57.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 16	51.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 17	45.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 18	38.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 19	30.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 20	23.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 21	14.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 23	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Weighted Average Life (years)	10.51	1.04	0.79	0.64	0.54	0.46	0.41	0.89
Payment Window (start)	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06
Payment Window (end)	Sep-22	Dec-07	Jun-07	Mar-07	Dec-06	Sep-06	Sep-06	Jun-07

(With Optional Redemption)

Weighted Average Life (years)	6.17	1.04	0.79	0.64	0.54	0.46	0.41	0.89
Payment Window (start)	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06	Mar-06
Payment Window (end)	Dec-12	Dec-07	Jun-07	Mar-07	Dec-06	Sep-06	Sep-06	Jun-07

Percentage of the Original Principal Amount Outstanding of the A2 Notes at the Specified CPRs
(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	100.0	100.0	100.0	100.0	86.2	60.3	34.5	100.0
12 December 07	100.0	99.2	57.7	19.0	0.0	0.0	0.0	11.1
12 December 08	100.0	43.6	0.0	0.0	0.0	0.0	0.0	0.0
12 December 09	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 10	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 11	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 12	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 13	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 14	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 15	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 16	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 17	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 18	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 19	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 20	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 21	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 22	95.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 23	82.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 24	68.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 25	53.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Weighted Average Life (years)	19.59	3.04	2.27	1.78	1.46	1.23	1.04	1.83
Payment Window (start)	Sep-22	Dec-07	Jun-07	Mar-07	Dec-06	Sep-06	Sep-06	Jun-07
Payment Window (end)	Sep-26	Dec-09	Dec-08	Mar-08	Dec-07	Jun-07	Mar-07	Mar-08

(With Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
Weighted Average Life (years)	7.01	3.04	2.27	1.78	1.46	1.23	1.04	1.83
Payment Window (start)	Dec-12	Dec-07	Jun-07	Mar-07	Dec-06	Sep-06	Sep-06	Jun-07
Payment Window (end)	Dec-12	Dec-09	Dec-08	Mar-08	Dec-07	Jun-07	Mar-07	Mar-08

Percentage of the Original Principal Amount Outstanding of the A3 Notes at the Specified CPRs

(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 07	100.0	100.0	100.0	100.0	91.4	79.8	67.6	100.0
12 December 08	100.0	100.0	96.8	79.8	63.3	51.3	40.1	66.0
12 December 09	100.0	98.3	76.5	59.2	43.8	33.0	23.8	42.4
12 December 10	100.0	82.5	60.4	43.8	30.3	21.2	14.1	27.2
12 December 11	100.0	69.2	47.7	32.4	20.9	13.6	8.3	17.4
12 December 12	100.0	58.0	37.6	24.0	14.4	8.7	4.9	11.2
12 December 13	100.0	48.5	29.6	17.7	9.9	5.6	2.9	7.1
12 December 14	100.0	40.5	23.3	13.0	6.8	3.6	1.7	4.6
12 December 15	100.0	33.8	18.3	9.6	4.7	2.3	1.0	2.9
12 December 16	100.0	28.1	14.3	7.0	3.2	1.4	0.6	1.9
12 December 17	100.0	23.4	11.2	5.2	2.2	0.9	0.3	1.2
12 December 18	100.0	19.4	8.7	3.8	1.5	0.6	0.2	0.7
12 December 19	100.0	16.0	6.8	2.8	1.0	0.4	0.1	0.5
12 December 20	100.0	13.2	5.3	2.0	0.7	0.2	0.1	0.3
12 December 21	100.0	10.9	4.1	1.5	0.5	0.1	0.0	0.2
12 December 22	100.0	8.6	3.0	1.0	0.3	0.1	0.0	0.1
12 December 23	100.0	7.0	2.3	0.7	0.2	0.1	0.0	0.1
12 December 24	100.0	5.7	1.8	0.5	0.1	0.0	0.0	0.0
12 December 25	100.0	4.6	1.4	0.4	0.1	0.0	0.0	0.0
12 December 26	92.5	3.0	0.8	0.2	0.0	0.0	0.0	0.0
12 December 27	4.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Weighted Average Life (years)	21.59	9.34	7.13	5.69	4.60	3.89	3.30	4.45
Payment Window (start)	Sep-26	Dec-09	Dec-08	Mar-08	Dec-07	Jun-07	Mar-07	Mar-08
Payment Window (end)	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28

(With Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
Weighted Average Life (years)	7.01	6.36	5.60	4.89	4.12	3.49	2.98	4.04
Payment Window (start)	Dec-12	Dec-09	Dec-08	Mar-08	Dec-07	Jun-07	Mar-07	Mar-08
Payment Window (end)	Dec-12	Dec-12	Dec-12	Dec-12	Jun-12	Jun-11	Sep-10	Dec-11

Percentage of the Original Principal Amount Outstanding of the M1 Notes at the Specified CPRs
(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 07	100.0	100.0	100.0	100.0	100.0	80.2	67.7	100.0
12 December 08	100.0	100.0	100.0	79.9	69.3	51.6	40.2	71.8
12 December 09	100.0	100.0	79.1	59.3	47.9	33.1	23.8	46.1
12 December 10	100.0	83.9	62.5	43.9	33.1	21.3	14.1	29.6
12 December 11	100.0	70.4	49.3	32.5	22.9	13.6	8.4	19.0
12 December 12	100.0	58.9	38.9	24.0	15.8	8.7	4.9	12.2
12 December 13	100.0	49.3	30.6	17.7	10.9	5.6	2.9	7.8
12 December 14	100.0	41.2	24.1	13.1	7.5	3.6	1.7	5.0
12 December 15	100.0	34.3	18.9	9.6	5.1	2.3	1.0	3.2
12 December 16	100.0	28.6	14.8	7.1	3.5	1.4	0.6	2.0
12 December 17	100.0	23.8	11.6	5.2	2.4	0.9	0.3	1.3
12 December 18	100.0	19.7	9.0	3.8	1.6	0.6	0.2	0.8
12 December 19	100.0	16.3	7.0	2.8	1.1	0.4	0.1	0.5
12 December 20	100.0	13.4	5.5	2.0	0.8	0.2	0.1	0.3
12 December 21	100.0	11.0	4.2	1.5	0.5	0.1	0.0	0.2
12 December 22	100.0	8.7	3.1	1.0	0.3	0.1	0.0	0.1
12 December 23	100.0	7.1	2.4	0.7	0.2	0.1	0.0	0.1
12 December 24	100.0	5.8	1.9	0.5	0.2	0.0	0.0	0.0
12 December 25	100.0	4.7	1.4	0.4	0.1	0.0	0.0	0.0
12 December 26	93.1	3.1	0.9	0.2	0.1	0.0	0.0	0.0
12 December 27	4.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Weighted Average Life (years)	21.60	9.43	7.27	5.69	4.84	3.90	3.31	4.64
Payment Window (start)	Dec-26	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28

(With Optional Redemption)

Weighted Average Life (years)	7.01	6.40	5.68	4.89	4.31	3.50	2.98	4.20
Payment Window (start)	Dec-12	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-12	Dec-12	Dec-12	Dec-12	Jun-12	Jun-11	Sep-10	Dec-11

Percentage of the Original Principal Amount Outstanding of the M2 Notes at the Specified CPRs
(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 07	100.0	100.0	100.0	100.0	100.0	80.2	67.7	100.0
12 December 08	100.0	100.0	100.0	79.9	69.3	51.6	40.2	71.8
12 December 09	100.0	100.0	79.1	59.3	47.9	33.1	23.8	46.1
12 December 10	100.0	83.9	62.5	43.9	33.1	21.3	14.1	29.6
12 December 11	100.0	70.4	49.3	32.5	22.9	13.6	8.4	19.0
12 December 12	100.0	58.9	38.9	24.0	15.8	8.7	4.9	12.2
12 December 13	100.0	49.3	30.6	17.7	10.9	5.6	2.9	7.8
12 December 14	100.0	41.2	24.1	13.1	7.5	3.6	1.7	5.0
12 December 15	100.0	34.3	18.9	9.6	5.1	2.3	1.0	3.2
12 December 16	100.0	28.6	14.8	7.1	3.5	1.4	0.6	2.0
12 December 17	100.0	23.8	11.6	5.2	2.4	0.9	0.3	1.3
12 December 18	100.0	19.7	9.0	3.8	1.6	0.6	0.2	0.8
12 December 19	100.0	16.3	7.0	2.8	1.1	0.4	0.1	0.5
12 December 20	100.0	13.4	5.5	2.0	0.8	0.2	0.1	0.3
12 December 21	100.0	11.0	4.2	1.5	0.5	0.1	0.0	0.2
12 December 22	100.0	8.7	3.1	1.0	0.3	0.1	0.0	0.1
12 December 23	100.0	7.1	2.4	0.7	0.2	0.1	0.0	0.1
12 December 24	100.0	5.8	1.9	0.5	0.2	0.0	0.0	0.0
12 December 25	100.0	4.7	1.4	0.4	0.1	0.0	0.0	0.0
12 December 26	93.1	3.1	0.9	0.2	0.1	0.0	0.0	0.0
12 December 27	4.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Weighted Average Life (years)	21.60	9.43	7.27	5.69	4.84	3.90	3.31	4.64
Payment Window (start)	Dec-26	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28

(With Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
Weighted Average Life (years)	7.01	6.40	5.68	4.89	4.31	3.50	2.98	4.20
Payment Window (start)	Dec-12	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-12	Dec-12	Dec-12	Dec-12	Jun-12	Jun-11	Sep-10	Dec-11

Percentage of the Original Principal Amount Outstanding of the B1 Notes at the Specified CPRs
(Without Optional Redemption)

	0%	15%	20%	25%	30%	35%	40%	15%/35%
07 December 05	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 December 07	100.0	100.0	100.0	100.0	100.0	80.2	67.7	100.0
12 December 08	100.0	100.0	100.0	79.9	69.3	51.6	40.2	71.8
12 December 09	100.0	100.0	79.1	59.3	47.9	33.1	23.8	46.1
12 December 10	100.0	83.9	62.5	43.9	33.1	21.3	14.1	29.6
12 December 11	100.0	70.4	49.3	32.5	22.9	13.6	8.4	19.0
12 December 12	100.0	58.9	38.9	24.0	15.8	8.7	4.9	12.2
12 December 13	100.0	49.3	30.6	17.7	10.9	5.6	2.9	7.8
12 December 14	100.0	41.2	24.1	13.1	7.5	3.6	1.7	5.0
12 December 15	100.0	34.3	18.9	9.6	5.1	2.3	1.0	3.2
12 December 16	100.0	28.6	14.8	7.1	3.5	1.4	0.6	2.0
12 December 17	100.0	23.8	11.6	5.2	2.4	0.9	0.3	1.3
12 December 18	100.0	19.7	9.0	3.8	1.6	0.6	0.2	0.8
12 December 19	100.0	16.3	7.0	2.8	1.1	0.4	0.1	0.5
12 December 20	100.0	13.4	5.5	2.0	0.8	0.2	0.1	0.3
12 December 21	100.0	11.0	4.2	1.5	0.5	0.1	0.0	0.2
12 December 22	100.0	8.7	3.1	1.0	0.3	0.1	0.0	0.1
12 December 23	100.0	7.1	2.4	0.7	0.2	0.1	0.0	0.1
12 December 24	100.0	5.8	1.9	0.5	0.2	0.0	0.0	0.0
12 December 25	100.0	4.7	1.4	0.4	0.1	0.0	0.0	0.0
12 December 26	93.1	3.1	0.9	0.2	0.1	0.0	0.0	0.0
12 December 27	4.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12 December 28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 30	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 33	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 34	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 December 35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Weighted Average Life (years)	21.60	9.43	7.27	5.69	4.84	3.90	3.31	4.64
Payment Window (start)	Dec-26	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28	Dec-28

(With Optional Redemption)

Weighted Average Life (years)	7.01	6.40	5.68	4.89	4.31	3.50	2.98	4.20
Payment Window (start)	Dec-12	Mar-10	Mar-09	Jun-08	Mar-08	Sep-07	Jun-07	Jun-08
Payment Window (end)	Dec-12	Dec-12	Dec-12	Dec-12	Jun-12	Jun-11	Sep-10	Dec-11

DESCRIPTION OF THE OFFERED NOTES

General

A13.4.4
A13.4.8

Each class of the Offered Notes will, on the Issue Date, be represented by a Reg S Global Note and a Rule 144A Global Note of the relevant class in registered form (the "**Global Notes**"). All capitalised terms not defined in this paragraph shall be as defined in "*Terms and Conditions of the Offered Notes – Condition 1*").

The Rule 144A Global Notes will be deposited on or about the Issue Date with JPMorgan Chase Bank, N.A. as custodian for DTC. The Reg S Global Notes will be deposited on or about the Issue Date with the Common Depository, as the depository for both Euroclear and Clearstream, Luxembourg.

The Rule 144A Global Notes will be registered in the name of Cede & Co. as the nominee for DTC and the Reg S Global Notes will be registered in the name of Chase Nominees Limited, as the nominee of the Common Depository for both Euroclear and Clearstream, Luxembourg. The Issuer will procure the Registrar to maintain a register in which it will register Cede & Co. as the owner of the Rule 144A Global Notes and Chase Nominees Limited as the owner of the Reg S Global Notes.

Upon confirmation by the Common Depository that it has custody of the Reg S Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record Book-Entry Interests representing beneficial interests in the Reg S Global Notes attributable thereto.

Upon confirmation by DTC that it has custody of the Rule 144A Global Notes, and upon acceptance of the DTC Letter of Representations sent by the Issuer to DTC, DTC will record Book- Entry Interests representing beneficial interests in the Rule 144A Global Notes attributable thereto.

Book-Entry Interests in respect of Global Notes will be recorded in initial minimum denominations of £100,000 or USD100,000 and increments of £10,000 and USD10,000 thereafter (each an "**Authorised Denomination**") and will be numbered by the Issuer as appropriate. Ownership of Book-Entry Interests will be limited to persons that have accounts with Euroclear, Clearstream, Luxembourg or DTC ("**Participants**") or persons that hold interests in the Book-Entry Interests through participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear, Clearstream, Luxembourg or DTC, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear, Clearstream, Luxembourg and DTC, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book- entry registration and transfer systems. The accounts to be credited shall be designated by the Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg or DTC (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge Book- Entry Interests.

So long as Cede & Co. is the registered holder of the Rule 144A Global Notes underlying the Book- Entry Interests, Cede & Co. will be considered the sole Offered Noteholder of the Rule 144A Global Notes for all purposes under the Trust Deed. So long as Chase Nominees Limited is the registered holder of the Reg S Global Notes underlying the Book-Entry Interests, Chase Nominees Limited will be considered the sole Offered Noteholder of the Reg S Global Notes for all purposes under the Trust Deed. Except as set forth below under "– *Issuance of Definitive Notes*", Participants or Indirect Participants will not be entitled to have Offered Notes registered in their names, will not receive or be entitled to receive physical delivery of Offered Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and Indirect Participants must rely on the procedures of the Participant or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Offered Notes under the Trust Deed. See "*– Action in Respect of the Global Notes and the Book-Entry Interests*".

Unlike legal owners or holders of the Offered Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Offered Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their 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 to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Issuer Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through DTC, Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by DTC, Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of the Reg S Global Notes, unless and until Book-Entry Interests are exchanged for Definitive Notes, the Reg S Global Notes held by the Common Depository may not be transferred except as a whole by the Common Depository to a successor of the Common Depository.

In the case of the Rule 144A Global Notes, unless and until Book-Entry Interests are exchanged for Definitive Notes, the Rule 144A Global Notes held by DTC may. not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of such successor.

Purchasers of Book-Entry Interests in a Global Note pursuant to Rule 144A will hold Book-Entry Interests in the Rule 144A Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Rule 144A Global Note directly through DTC if they are Participants in such system, or indirectly through organisations which are Participants in such system. All Book-Entry Interests in the Rule 144A Global Notes will be subject to the procedures and requirements of DTC.

Purchasers of Book-Entry Interests in a Global Note pursuant to Regulation S will hold Book- Entry Interests in the Reg S Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Reg S Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "– *Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Reg S Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among Participants of DTC and account holders 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 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 or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on Global Notes

Payment of principal of and interest on, and any other amount due in respect of, the Global Notes will be made in US dollars (in the case of the USD Notes) and sterling (in the case of the Sterling Notes) (subject to as provided below under "– *Exchange Rate Agency Agreement and Denomination of Payments*") by the Principal Paying Agent on behalf of the Issuer to DTC or its nominee as the registered holder thereof with respect to the Rule 144A Global Notes and to the Common Depository or its nominee as the registered holder thereof with respect to the Reg S Global Notes. Each holder of Book- Entry Interests must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of any amounts paid by or on behalf of the Issuer to DTC, the Common Depository or their nominees in respect of those Book-Entry Interests. 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.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depository, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or of Clearstream, Luxembourg. In the case of payments made in dollars (as provided under "– *Exchange Rate Agency Agreement and Denomination of Payments*"), upon receipt of any payment from the Principal Paying Agent, DTC will promptly credit its Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown on the records of DTC. The Issuer expects that payments by 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 Trustee or any other agent of the Issuer or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests, for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests, or for specifying to the Issuer the rates upon which the same are based and (where relevant) the names of the banks quoting such rates, provided that the Agent Bank shall make such determination and calculation in relation to each class of Offered Notes on the basis of Condition 4 of the "*Terms and Conditions of the Offered Notes*".

Exchange Rate Agency Agreement and Denomination of Payments

DTC is unable to accept payments denominated in sterling in respect of the Rule 144A Global Notes. Accordingly, holders of beneficial interests in Rule 144A Global Notes must notify the Exchange Rate Agent not less than 15 days prior to each Payment Date (i) that they wish to be paid in sterling outside DTC and (ii) of the relevant bank account details into which such sterling payments are to be made.

If such instructions are not received, JPMorgan Chase Bank, N.A., will, as exchange rate agent (the "**Exchange Rate Agent**") of the Issuer pursuant to an exchange rate agency agreement (the "**Exchange Rate Agency Agreement**") among the Exchange Rate Agent and the Issuer, exchange the relevant sterling amounts into US dollars. The Exchange Rate Agent will effect the exchange of the relevant sterling amounts into US dollars on such Payment Date at a market rate available on such Payment Date and in accordance with the Exchange Rate Agent's usual procedures for such currency exchange and the relevant holders of beneficial interests will receive the US dollar equivalent of such sterling payment converted at such exchange rate. Upon written request by a holder of beneficial interests in Rule 144A Global Notes, the Exchange Rate Agent will provide information regarding the exchange rate (and any relevant commission) with respect to any sterling amounts converted into US dollars.

The Issuer has agreed in the Exchange Rate Agency Agreement to indemnify the Exchange Rate Agent in connection with its activities thereunder.

Information Regarding DTC, Euroclear and Clearstream, Luxembourg

DTC, Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

DTC

DTC is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" 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 the provisions of Section 17A of the Exchange Act. DTC holds securities that its Participants deposit with it. DTC also facilitates the settlement of transactions among its Participants in such securities through electronic computerised book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Participants and 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, and trust companies that clear through or maintain a custodial relationship with a Participant – the Indirect Participants. The rules applicable to DTC and its Participants and Indirect Participants are on file with the Securities and Exchange Commission.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their accountholders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders, 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 depository 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 accountholders 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 an accountholder of either system.

An accountholder'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 accountholders.

For so long as the Offered Notes are represented by Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg notices to Offered 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 Accountholders rather than by publication as required by Condition 15 provided that, in respect of the Offered Notes, for so long as the Offered Notes are admitted to the Official List of the UK Listing Authority or are admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market, the competent authority so agrees. Any such notice shall be deemed to have been given to the Offered 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.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Depository in the case of the Reg S Global Notes, and to the nominee of DTC, in the case of the Rule 144A Global Notes, and, upon final payment, surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made on the Register. The redemption price payable in connection with the redemption of Offered Noteholder interests in a Global Note will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of a Global Note in part, selection of the relevant Offered Noteholder 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 Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

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

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "–*General*" above.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Notice to Investors*", and the holder of any Rule 144A Global Note and any Book-Entry Interest in such Rule 144A Global Note will undertake that it will not transfer such Offered Notes except in compliance with the transfer restrictions set forth in such legend. 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 period ending 40 days after the later of the commencement of the offering of the Offered Notes and the Issue Date (the "Distribution Compliance Period"), 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).

Each Reg S Global Note will bear a legend substantially identical to that appearing under "*Notice to Investors*". Prior to the expiration of the Distribution Compliance Period, 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.

No Global Note will be exchangeable for Notes in definitive form (the "**Definitive Notes**"), except in limited circumstances described in "*– Issuance of Definitive Notes*" below.

Issuance of Definitive Notes

Holders of Book-Entry Interests in a Rule 144A Global Note or a Reg S Global Note will be entitled to receive Definitive Notes of the relevant class in registered form in exchange for their respective holdings of Book-Entry Interests if (i) (in the case of Rule 144A Global Notes) DTC has notified the Issuer that it is at any time unwilling or unable to continue as holder of the Rule 144A Global Notes or is at any time unwilling or unable to continue as, or ceases to be, a clearing agency registered under the Exchange Act, and a successor to DTC registered as a clearing agency under the Exchange Act is not able to be appointed by the Issuer within 90 days of such notification, or (in the case of Reg S Global Notes) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Trustee is available, or (ii) an Enforcement Notice has been given by the Trustee to the Issuer, or (iii) the Issuer would suffer a material disadvantage in respect of the Offered Notes as a result of a change in the laws or regulations (taxation or otherwise) of any applicable jurisdiction (including payments being made net of tax), which would not be suffered were the relevant Offered Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee. Any registered Definitive Notes issued in exchange for Book-Entry Interests in a Rule 144A Global Note or a Reg S Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be (in the case of Reg S Global Notes), or DTC (in the case of Rule 144A Global Notes). It is expected that such instructions will be based upon directions received by Euroclear, Clearstream, Luxembourg or DTC from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Rule 144A Global Note or a Reg S Global Note, as the case may be, will not be entitled to exchange such Definitive Notes for Book-Entry Interests in a Reg S Global Note or a Rule 144A Global Note, as the case may be. Any Definitive Notes will be issued in registered form only.

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

Not later than 10 days after receipt by the Issuer 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 Issuer will deliver to Euroclear, Clearstream, Luxembourg and DTC 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

DTC will be entitled to instruct the Issuer 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 DTC, as applicable, the Issuer 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. Euroclear, Clearstream, Luxembourg or DTC are expected to follow the procedures described under "– General" above with respect to soliciting instructions from their respective Participants. 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 Offered Notes will be published in a leading newspaper having a general circulation in London (which so long as the Offered Notes are admitted to and listed on the official list of the UK Listing Authority is expected to be the Financial Times); provided that if, at any time, the Issuer procures that the information concerned 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 Trustee, publication in any such leading newspaper shall not be required with respect to such information.

TERMS AND CONDITIONS OF THE OFFERED NOTES

The following is the text of the terms and conditions of the Offered Notes which will be endorsed or attached on each Global Note and each Definitive Note (if and to the extent applicable) and (subject to the provisions thereof) will apply to each such Offered Note. A13.4.2

The Offered Notes of RMAC 2005-NS4 Plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") expected to be dated 7 December 2005 (the "**Issue Date**") between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "**Trustee**", which expression includes the trustee or trustees for the time being of the Trust Deed) as trustee for the Offered Noteholders. The holders of the A1 Notes shall be defined as the "**A1 Noteholders**", the holders of the A2 Notes shall be defined as the "**A2 Noteholders**" and the holders of the A3 Notes shall be defined as the "**A3 Noteholders**" and together with the A1 Noteholders and the A2 Noteholders as the "**A Noteholders**". The holders of the M1 Notes shall be defined as the "**M1 Noteholders**"and the holders of the M2 Notes shall be defined as the "**M2 Noteholders**" and together with the M1 Noteholders, the "**M Noteholders**". The holders of the B1 Notes shall be defined as the "**B1 Noteholders**". The holders of the Offered Notes shall be defined as the "**Offered Noteholders**". The Offered Notes will have the benefit of (to the extent applicable) a paying agency agreement (the "**Paying Agency Agreement**") dated on or about the Issue Date, as amended or supplemented from time to time between the Issuer, the Trustee, JPMorgan Chase Bank, N.A. as principal paying agent (the "**Principal Paying Agent**") and as agent bank (the "**Agent Bank**"), J.P. Morgan Bank Luxembourg S.A. as registrar (the "**Registrar**") and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). A13.4.11 A13.4.13 A13.5.2

In these Conditions, all references to "**Registrar**", "**Agent Bank**" and "**Paying Agent**" shall mean any registrar, agent bank or paying agents appointed from time to time in accordance with the Paying Agency Agreement and shall include any successors thereto or to the Principal Paying Agent appointed from time to time in accordance with the Paying Agency Agreement and any reference to an "**Agent**" or "**Agents**" shall mean any or all (as applicable) of the above persons.

In these Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the master definitions schedule (the "**Master Definitions Schedule**") dated the Issue Date between, *inter alios*, the Issuer, the Trustee and the Principal Paying Agent.

These Conditions include summaries of, and are subject to, the detailed provisions of the following agreements, dated on or about the Issue Date and as amended or supplemented from time to time: the Trust Deed (which includes the form of the Offered Notes) an exchange rate agency agreement between, *inter alios*, the Issuer and JPMorgan Chase Bank, N.A. (the "**Exchange Rate Agency Agreement**"), the Paying Agency Agreement and a deed of charge between, *inter alios*, the Issuer and the Trustee (the "**Deed of Charge**"). Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and the Master Definitions Schedule are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified office of the Principal Paying Agent. The Offered Noteholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement, the Exchange Rate Agency Agreement and the Deed of Charge.

If Notes in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Offered Note would be as set out below. While the Offered Notes remain in global form, the same terms and conditions govern such Offered Notes, except to the extent that they are appropriate only to Offered Notes in definitive form.

Condition 1: Form, Denomination and Title

Notes A13.4.4

The A1 Notes, the A2 Notes and the A3 Notes initially offered and sold outside the United States to non-US Persons pursuant to Regulation S under the Securities Act (such A1 Notes referred to as the "**Reg S A1 Notes**", such A2 Notes referred to as the "**Reg S A2 Notes**" and such A3 Notes referred to as the "**Reg S A3 Notes**" and together with the Reg S A1 Notes and the Reg S A2 Notes, the "**Reg S A Notes**") will each be represented by a global note in registered form (a "**Reg S Global A1 Note**", a "**Reg S Global A2 Note**" and a "**Reg S Global A3 Note**", respectively, and collectively, the "**Reg S Global A Notes**"). The A1 Notes, the A2 Notes and the A3 Notes initially offered and sold within the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A under the Securities Act (such A1 Notes referred to as the "**Rule 144A A1 Notes**", such A2 Notes referred to as the "**Rule 144A A2 Notes**" and such A3 Notes referred to as the "**Rule 144A A3 Notes**", together with the Rule 144A A1 Notes and the Rule 144A A2 Notes, the "**Rule 144A A Notes**"), will each be represented by a global note in registered form (a "**Rule 144A Global A1 Note**", a "**Rule 144A Global A2 Note**" and a "**Rule 144A Global A3 Note**", respectively, and collectively, the "**Rule 144A Global A Notes**" and, together with the Reg S Global A Notes, the "**Global A Notes**"), which, in aggregate, will represent the aggregate principal amount of the outstanding A1 Notes, A2 Notes and A3 Notes.

The M1 Notes and the M2 Notes initially offered and sold outside the United States to non-US Persons pursuant to Regulation S under the Securities Act (the "**Reg S M1 Notes**" and the the "**Reg S M2 Notes**", respectively, and, collectively, the "**Reg S M Notes**") will each be represented by a global note in registered form (a "**Reg S Global M1 Note**" and a "**Reg S Global M2 Note**", respectively, and, collectively, the "**Reg S Global M Notes**"). The M1 Notes and the M2 Notes initially offered and sold within the United States to "**qualified institutional buyers**" (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A under the Securities Act (the "**Rule 144A M1 Notes**" and the "**Rule 144A M2 Notes**", respectively, and, collectively, the "**Rule 144A M Notes**"), will each be represented by a global note in registered form (a "**Rule 144A Global M1 Note**" and a "**Rule 144A Global M2 Note**", respectively, and, collectively, the "**Rule 144A Global M Notes**" and, together with the Reg S Global M Notes, the "**Global M Notes**"), which in aggregate will represent the aggregate principal amount of the outstanding M1 Notes and M2 Notes.

The B1 Notes initially offered and sold outside the United States to non-US Persons pursuant to Regulation S under the Securities Act (the "**Reg S B1 Notes**" and, together with the Reg S A Notes and the Reg S M Notes, the "**Reg S Notes**") will each be represented by a global note in registered form (a "**Reg S Global B1 Note**" and together with the Reg S Global A Notes and the Reg S Global M Notes, the "**Reg S Global Notes**"). The B1 Notes initially offered and sold within the United States to "**qualified institutional buyers**" (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A under the Securities Act (the "**Rule 144A B1 Notes**" and, together with the Rule 144A A Notes and the Rule 144A M Notes, the "**Rule 144A Notes**") will each be represented by a global note in registered form (a "**Rule 144A Global B1 Note**" which, in aggregate, will represent the aggregate principal amount of the outstanding B1 Notes. The Reg S Global B1 Notes and the Rule 144A Global B1 Notes shall be defined together as the "**Global B1 Notes**".

The Global A Notes, the Global M Notes and the Global B1 Notes are collectively the "**Global Notes**". The A Notes, the M Notes and the B1 Notes shall be defined together as the "**Offered Notes**".

Title to the Global Notes will pass by and upon registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**").

A13.4.2

Transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules of DTC, Euroclear and Clearstream, Luxembourg (as the case may be).

Issuance of Definitive Notes

A8.1.1

If Notes in definitive form are issued pursuant to Condition 13, definitive notes in an aggregate principal amount equal to the relevant Principal Amount Outstanding (as defined in Condition 5(c)) of the relevant Reg S Global Note ("**Reg S Definitive Notes**") and Rule 144A Global Note (the "**Rule 144A Definitive Notes**" and, together with the Reg S Definitive Notes, the "**Definitive Notes**") will be issued in registered form in initial minimum denominations of £100,000 (in the case of the Sterling Notes) or USD 100,000 (in the case of the USD Notes) and increments of £10,000 (in the case of the Sterling Notes) or USD 10,000 (in the case of the USD Notes) thereafter (an "**Authorised Denomination**").

Title to Global Notes and Definitive Notes

Title to the Global Notes and the Definitive Notes of each class will pass by and upon registration in the Register. The registered holder of any Global Note and Definitive Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note or Definitive Note, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon other than, in the case of a Definitive Note, a duly executed transfer of such Definitive Note in the form endorsed thereon. Each Offered Note will be serially numbered.

For so long as the Offered Notes are represented by Global Notes, the Issuer and the Trustee may (but shall not be obliged to) (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of the particular principal amount of Offered Notes (each, an "**Accountholder**") as the holder of such principal amount of Offered Notes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Offered Noteholders), other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the registered holder of the relevant Global Note in accordance with and subject to the terms of the Trust Deed.

Transfers of Global Notes and Definitive Notes

Transfers and exchanges of beneficial interests in Global Notes of the same class will be effected subject to and in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg, as appropriate. All transfers of Definitive Notes and entries on the Register in the case of any Definitive Notes will be made subject to any restrictions on transfers set forth on such Definitive Notes and the detailed regulations concerning transfers of such Definitive Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Registrar to any holder of a Definitive Note who so requests.

A Definitive Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor provided that neither the part transferred nor the balance not transferred may be less than an Authorised Denomination.

Each new Definitive Note to be issued upon transfer of Definitive Notes will, within five Business Days (in the place of the specified office of the Registrar) of receipt of such request for transfer, be available for delivery at the specified office of the Registrar stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note to such address as may be specified in such request.

Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax, levy, duty, imports or other governmental charges which may be imposed in relation to it.

No holder of a Definitive Note may require the transfer of such Definitive Note to be registered during the period of 15 days ending on a Payment Date.

Condition 2: Status, Security and Administration

(a) Status and relationship between classes of Offered Notes A13.4.6

The Offered Notes of each class constitute direct, secured (as more particularly described in the Deed of Charge) and unconditional obligations of the Issuer and rank *pari passu* without preference or priority amongst Offered Notes of the same class (for the avoidance of doubt, the A1 Notes, the A2 Notes and the A3 Notes are deemed to be of one class, save to the extent expressly stated otherwise in these Conditions and the Transaction Documents, and will rank *pari passu* without preference or priority amongst themselves except with respect to payment of principal prior to enforcement of the Security when the A1 Notes will rank in priority to the A2 Notes and the A3 Notes and the A2 Notes will rank in priority to the A3 Notes).

In accordance with the provisions of this Condition 2, but subject always to the provisions of Condition 5(b), the Trust Deed and the Deed of Charge, (aa) payments of principal and interest on the B1 Notes are subordinated to, *inter alia*, payments of principal and interest on the A Notes, the M1 Notes and the M2 Notes, (bb) payments of principal and interest on the M2 Notes are subordinated to, *inter alia*, payments of principal and interest on the A Notes and the M1 Notes, (cc) payments of principal and interest on the M1 Notes are subordinated to, *inter alia*, payments of principal and interest on the A Notes, (dd) payments of principal on the A2 Notes are subordinated to, prior to enforcement of the Security, *inter alia*, payments of principal on the A1 Notes and (ee) payments of principal on the A3 Notes are subordinated to, prior to enforcement of the Security, *inter alia*, payments of principal on the A2 Notes.

The Offered Notes are all constituted by the Trust Deed and are secured by the same security, but the A Notes will rank in priority to the M1 Notes, the M2 Notes and the B1 Notes in point of security; the M1 Notes will rank in priority to the M2 Notes and the B1 Notes in point of security; and the M2 Notes will rank in priority to the B1 Notes in point of security pursuant to the Deed of Charge. As regards interests of Offered Noteholders, the Trust Deed contains provisions requiring the Trustee to have regard to the interests of the A Noteholders, the M1 Noteholders, the M2 Noteholders and the B1 Noteholders as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to the interests of:

(i) the A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the A Noteholders and the interests of the M1 Noteholders and/or the M2 Noteholders and/or the B1 Noteholders;

(ii) the M1 Noteholders if all of the A Notes have been redeemed in full and if, in the Trustee's opinion, there is a conflict between the interests of the M1 Noteholders and the interests of the M2 Noteholders and/or the B1 Noteholders;

(iii) the M2 Noteholders if all of the A Notes and the M1 Notes have been redeemed in full and if, in the Trustee's opinion, there is a conflict between the interests of the M2 Noteholders and the interests of the B1 Noteholders; and

(iv) the B1 Noteholders if all of the A Notes, the M1 Notes and the M2 Notes have been redeemed in full.

The Trust Deed and Condition 11 contain provisions (i) limiting the rights of the A1 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A2 Noteholders and the A3 Noteholders, (ii) limiting the rights of the A2 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A1 Noteholders and the A3 Noteholders and (iii) limiting the rights of the A3 Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the A1 Noteholders and the A2 Noteholders, in each case without prejudice to the rights of holders of each such class under Condition 9.

The Trust Deed and Condition 11 contain provisions limiting the powers of the M1 Noteholders, the M2 Noteholders and the B1 Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the A Noteholders. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the A Noteholders, the exercise of which will be binding on the M1 Noteholders, the M2 Noteholders, the B1 Noteholders, the MERC Holders and Residual Holders, irrespective of the effect thereof on their interests.

The Trust Deed and Condition 11 contain provisions limiting the powers of the M2 Noteholders and the B1 Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the M1 Noteholders. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the M1 Noteholders, the exercise of which will be binding on the M2 Noteholders, the B1 Noteholders, the MERC Holders and Residual Holders, irrespective of the effect thereof on their interests.

The Trust Deed and Condition 11 contain provisions limiting the powers of the B1 Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the M2 Noteholders. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the M2 Noteholders, the exercise of which will be binding on the B1 Noteholders, the MERC Holders and Residual Holders, irrespective of the effect thereof on their interests. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the M2 Noteholders which will be binding on the MERC Holders and Residual Holders.

In respect of the interests of the MERC Holders and the Residual Holders, the Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the MERC Holders and the Residual Holders as regards all powers, trusts, authorities, duties and discretions of the Trustee. The Trustee may only be directed by the MERC Holders and/or the Residual Holders, and any Extraordinary Resolution of the MERC Holders and/or the Residual Holders will only be effective if the Trustee is of the opinion that the effect of the same will not be materially prejudicial to the interests of any or all of the Offered Noteholders or is sanctioned by an Extraordinary Resolution of each class of Offered Noteholders and (in the case of the MERCs) the Residual Holders or (in the case of the Residuals) the MERC Holders.

(b) Security

As security for the payment of all monies payable in respect of the Offered Notes and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any receiver appointed under the Deed of Charge) and in respect of certain amounts payable to, *inter alios*, the Administrator in respect of amounts payable to it under the Administration Agreement, GMAC-RFC under the Mortgage Sale Agreement, JPMorgan Chase Bank, N.A. as the Principal Paying Agent under the Paying Agency Agreement, JPMorgan Chase Bank, N.A., New York office, as Exchange Rate Agent under the Exchange Rate Agency Agreement, Barclays Bank PLC as the Liquidity Facility Provider under the Liquidity Facility Agreement, HSBC Bank plc as the Currency Swap Counterparty under the USD Note Currency Swap Agreement, the Standby Administrator under the Standby Administration Agreement, Barclays Bank PLC as the Account Bank under the Bank Agreement and as the GIC Provider under the Guaranteed Investment Contract, HSBC Bank plc as the Cap Provider under the Interest Rate Cap Agreement, Barclays Bank PLC as the MER Loan Provider under the MER Loan Agreement, J.P. Morgan Bank Luxembourg S.A. as the Paying Agent, the Registrar and the Transfer Agent and JPMorgan Chase Bank, N.A. as the Agent Bank under the Paying Agency Agreement (the "**Secured Creditors**"), the Issuer will enter into the Deed of Charge, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

(i) first fixed charges in favour of the Trustee over the Issuer's interests in the Mortgage Loans, the Mortgages and certain other collateral security relating to the Mortgage Loans (such collateral security, together with the Mortgages, the "**Related Security**");

(ii) an equitable assignment in favour of the Trustee of the Issuer's interests in the insurance contracts to the extent that they relate to the Mortgage Loans;

(iii) an assignment in favour of the Trustee of the benefit of the Administration Agreement, the Corporate Services Agreement, the Mortgage Sale Agreement, the Guaranteed Investment Contract, the Bank Agreement, the Standby Administration Agreement, the Liquidity Facility Agreement, the Interest Rate Cap Agreement, the USD Note Currency Swap Agreement, the MER Loan Agreement, the Declaration of Trust, the Exchange Rate Agency Agreement and the Paying Agency Agreement (the "**Charged Obligation Documents**");

(iv) a first fixed equitable charge in favour of the Trustee over the Issuer's interest in the Issuer Transaction Account, the GIC Account, the Currency Account and any other bank account in which the Issuer has an interest; and

(v) a first floating charge in favour of the Trustee (ranking after the security referred to in (i) to (iv) above) over the whole of the undertaking, property, assets and rights of the Issuer (and extending to all of the Issuer's Scottish and Northern Irish assets, including those charged by the fixed security) (the fixed and floating charges collectively, the "**Security**").

(c) Pre-Enforcement Priority of Payments

A8.3.4.6

Prior to enforcement of the Security, the Issuer is required to apply monies available for distribution as at the date which falls Five Business Days prior to each Payment Date (each such date a "**Determination Date**") as determined in accordance with the Administration Agreement (the "**Available Revenue Funds**" which, for the avoidance of doubt, includes, if any, the Discount Reserve Applicable Amount, any amount standing to the credit of the Discount Reserve in excess of the Discount Reserve Required Amount, the Reserve Fund Excess, all amounts standing to the credit of the Reserve Fund, all amounts standing to the credit of the Discount Reserve (on any Payment Date on which all discounts applicable to the Discounted Mortgage Loans which form part of the Mortgage Pool have expired), any swap termination payments received from the Currency Swap Counterparty under the USD Note Currency Swap Agreement (the "**Swap Termination Amounts**") and any payment received by the Issuer from a replacement currency swap counterparty in consideration for the Issuer entering into a replacement currency swap agreement with such counterparty but excludes any principal receipts and any Mortgage Early Repayment Charges) in or towards the satisfaction of the payments or provisions in the following order of priority (the "**Pre Enforcement Priority of Payments**") (in each case only to the extent that the payments or provisions of a higher priority have been made in full) on each Payment Date (and two Business Days prior to each Payment Date in the case of payments to the Currency Swap Counterparty), provided always that any Swap Termination Amounts shall first be applied towards payments due to any replacement currency swap counterparty and shall only be applied in accordance with the following priority, after a replacement currency swap agreement has been entered into to the extent that those termination amounts are not required to be paid to a replacement currency swap counterparty in respect of such replacement currency swap agreement:

(i) first, to pay when due the remuneration payable to the Trustee (plus Value Added Tax, if any) and any costs, charges, liabilities and expenses incurred by it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together with interest as provided in the Trust Deed or the Deed of Charge or either or both of them;

(ii) second, to pay when due amounts, including audit fees and company secretarial expenses (plus Value Added Tax, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Payment Date and to provide for the Issuer's liability or possible liability for corporation tax;

(iii) third, to pay *pro rata*:

(A) the administration fee payable to the Administrator (plus Value Added Tax, if any), such fee being an amount equal to one quarter of 0.15 per cent. per annum of the average total principal balance of the Mortgage Loans outstanding on the first day of each of the three months immediately prior to the relevant Determination Date; and

(B) amounts due to the Principal Paying Agent, the Paying Agent, the Agent Bank, the Registrar and the Transfer Agent under the Paying Agency Agreement, the Exchange Rate Agent under the Exchange Rate Agency Agreement, Barclays Bank PLC under the Bank Agreement and the Guaranteed Investment Contract, the Standby Administrator under the Standby Administration Agreement and the Corporate Services Provider and the Share Trustee under the Corporate Services Agreement;

(iv) fourth, to pay all fees, costs, expenses, principal, interest and any other amounts due to the Liquidity Facility Provider in accordance with the Liquidity Facility Agreement (other than, only relating to a period where the Liquidity Facility has been fully drawn for reason of non- renewal of the Liquidity Facility by the Liquidity Facility Provider, the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which shall for the avoidance of doubt include LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non-renewal had not occurred);

(v) fifth, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders), and (b) amounts payable to the Currency Swap Counterparty in respect of notional interest and any termination payment under the terms of the USD Note Currency Swap Agreement (except for any relevant Currency Swap Counterparty Default Payment where "**Currency Swap Counterparty Default Payment**" means any termination payment due or payable under the USD Note Currency Swap Agreement as a result of the occurrence of an Event of Default where the Currency Swap Counterparty is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Currency Swap Counterparty (as such terms are defined in the USD Note

Currency Swap Agreement)), and if the USD Note Currency Swap Agreement is not in place, to apply with such amounts an amount up to the amount which would have been so payable by the Issuer under the USD Note Currency Swap Agreement in exchange for US dollars in the spot exchange market in order to meet the interest then due on the relevant class of the A Notes and (B) second, to the extent that in relation to any spot exchange for US dollars, an amount is obtained which is insufficient to pay interest due on the A1 Notes to apply such further amounts in exchange for US dollars in the spot exchange market in order to meet such shortfall;

(vi) sixth, to pay amounts to be credited to the A Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5) until the balance of the A Principal Deficiency Sub-Ledger has reached zero;

(vii) seventh, to pay amounts (other than in respect of principal) payable in respect of the M1 Notes;

(viii) eighth, to pay amounts to be credited to the M1 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the M1 Principal Deficiency Sub-Ledger has reached zero;

(ix) ninth, to pay amounts (other than in respect of principal) payable in respect of the M2 Notes;

(x) tenth, to pay amounts to be credited to the M2 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the M2 Principal Deficiency Sub-Ledger has reached zero;

(xi) eleventh, to pay amounts (other than in respect of principal) payable in respect of the B1 Notes;

(xii) twelfth, to pay amounts to be credited to the B1 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Offered Notes in accordance with Condition 5 of the "*Terms and Conditions of the Offered Notes*") until the balance of the B1 Principal Deficiency Sub-Ledger has reached zero;

(xiii) thirteenth, to credit the Reserve Ledger, until the balance of the Reserve Fund reaches the Reserve Fund Required Amount;

(xiv) fourteenth, to credit the Discount Reserve Ledger, to the extent that the amount credited to the Discount Reserve Ledger is less than the Discount Reserve Required Amount;

(xv) fifteenth, amounts (if any) credited to the Liquidity Ledger, relating to a period where the Liquidity Facility has been fully drawn for reason of non-renewal of the Liquidity Facility by the Liquidity Facility Provider, in respect of amounts reflecting the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which for the avoidance of doubt includes LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non-renewal had not occurred;

(xvi) sixteenth, to retain in the Issuer Transaction Account, an amount (the "**Issuer's Profit**") equal to 0.01 per cent. of the product of the time weighted average Mortgage Rate of the Mortgage Loans during the preceding Determination Period and the aggregate principal balance outstanding of the Mortgage Loans (the "**Issuer's Turnover**") at the beginning of the preceding Determination Period, so that in each year 0.01 per cent. of the Issuer's Turnover for that year comprises the Issuer's Profit;

(xvii) seventeenth, (after taking into account any MER Payments to be made on or about such date) to pay interest then due and repay principal outstanding in respect of the MER Loan;

(xviii) eighteenth, in or towards payment of any Currency Swap Counterparty Default Payment payable to the Currency Swap Counterparty made under the terms of the USD Note Currency Swap Agreement;

(xix) nineteenth, to pay amounts payable in respect of the Residuals; and

(xx) twentieth, to pay any remaining amount to the Issuer or other persons entitled thereto.

All amounts received two Business Days before each Payment Date from the Currency Swap Counterparty by the Issuer following the application of Available Revenue Funds under the Pre-Enforcement Priority of Payments or Actual Redemption Funds under the Principal Priority of Payments under the terms of the USD Note Currency Swap Agreement shall be paid to the holders of the applicable Offered Notes, in each case in satisfaction of the Issuer's interest and/or principal payment obligations under the USD Notes on such Payment Date.

To the extent any amount so due to be received from the Currency Swap Counterparty is not paid to the Issuer, the Issuer will take reasonable action to recover from the Currency Swap Counterparty the amounts due from the Currency Swap Counterparty.

In the event that the USD Note Currency Swap Agreement terminates and a termination payment is paid by the Currency Swap Counterparty to the Issuer, such amount shall be applied towards payment of a suitably rated replacement currency swap counterparty in consideration for such replacement currency swap counterparty entering into a suitable replacement currency swap agreement with the Issuer and in such event shall not constitute Available Revenue Funds.

"**Base Currency PAO**" means in relation to the Offered Notes the Principal Amount Outstanding in sterling of any Offered Note denominated in sterling, and/or the sterling equivalent of the Principal Amount Outstanding of the USD Notes, calculated using the USD Currency Swap Rate.

(d) Principal Priority of Payments

Prior to the enforcement of the Security, on each Payment Date (and two Business Days before each Payment Date in the case of payments to the Currency Swap Counterparty) the Issuer is required to apply the Actual Redemption Funds on such Payment Date determined on the Determination Date in the following manner and order of priority (the "**Principal Priority of Payments**"):

(i) first, to the Currency Swap Counterparty in respect of principal under the terms of the USD Note Currency Swap Agreement (except for any termination payment due to the Currency Swap Counterparty under such agreement) or, if there is no USD Note Currency Swap Agreement then in place, to exchange for us dollars in the spot exchange market (all US dollar amounts received under this paragraph or in the spot exchange market (the "**USD Redemption Amounts**") shall be applied in redemption of the A1 Notes, as provided in Condition 5(b)) until the A1 Notes are redeemed in full;

(ii) second, to the holders of the A2 Notes in respect of principal of the A2 Notes until the A2 Notes are redeemed in full;

(iii) third, to the holders of the A3 Notes in respect of principal of the A3 Notes until the A3 Notes are redeemed in full;

(iv) fourth, to the holders of the M1 Notes in respect of principal of the M1 Notes until the M1 Notes are redeemed in full;

(v) fifth, to the holders of the M2 Notes in respect of principal of the M2 Notes until the M2 Notes are redeemed in full; and

(vi) sixth, to the holders of the B1 Notes in respect of principal of the B1 Notes until the B1 Notes are redeemed in full,

provided always that the Actual Redemption Funds shall not be applied in accordance with the Principal Priority of Payments but shall instead be applied *pro rata* between items (i) to (vi) of the Principal Priority of Payments ("**Pro rata Principal Priority of Payments**") on any such Payment Date immediately succeeding a Determination Date in the circumstances set out in Condition 5(b).

On each Determination Date, the aggregate of (a) the amount of Further Advances which GMAC-RFC is committed to advance (but has not yet advanced) as at the relevant Determination Date and (b) the amount which GMAC-RFC anticipates it will require for future (but uncommitted) Further Advances, such amount (in respect of this item (b) only) not to be greater than £500,000 (such aggregate amount, the "**Committed Further Advances**") will be transferred from the Principal Ledger to a ledger for that purpose (the "**Further Advances Ledger**"). Available Capital Funds (as defined below) may be applied or set aside by the Issuer on any day for the making of Further Advances after any amounts then standing to the credit of the Further Advances Ledger have been exhausted.

The amount of "**Actual Redemption Funds**" as at any Determination Date preceding a Payment Date is an amount calculated as the aggregate of:

(A) the amount standing to the credit of the Principal Ledger and the amount (if any) standing to the credit of the Further Advances Ledger (before the transfer of the Committed Further Advances calculated on that Determination Date from the Principal Ledger) in each case as at the last Business Day of the month immediately preceding such Determination Date; and

(B) the amount (if any) calculated on the Determination Date pursuant to the Pre-Enforcement Priority of Payments to be the amount by which the debit balance on any Principal Deficiency Sub-Ledger is expected to be reduced by the application of Available Revenue Funds on the immediately succeeding Payment Date.

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the Committed Further Advances calculated on such Determination Date.

For the purpose of the foregoing, "**Available Capital Funds**" means, on any day during an Interest Period (including on a Determination Date) an amount represented by the amount standing to the credit of the Principal Ledger at the close of business on the preceding day, less, in the period between the last Business Day of the month preceding a Determination Date and the application of such Actual Redemption Funds, (a) any commitments to purchase Substitute Mortgage Loans on the immediately succeeding Payment Date and (b) the amount of such Actual Redemption Funds calculated on the relevant Determination Date.

(e) Post-Enforcement Priority of Payments

After the Trustee has given notice to the Issuer pursuant to Condition 9(a) declaring the Offered Notes to be due and repayable, the Trustee shall apply all funds received by or on behalf of the Issuer (excluding amounts in respect of Mortgage Early Repayment Charges) to make payments in the following order of priority pursuant to, in accordance with and as set out in the Deed of Charge:

(i) first, to pay, *pro rata*, any remuneration then due to any liquidator or receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by such liquidator or receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee (plus Value Added Tax, if any);

(ii) second, to pay, *pro rata*, the fees, costs, interest, expenses and liabilities due to the Administrator under the Administration Agreement, the Principal Paying Agent, the Agent Bank, the Paying Agent, the Registrar and the Transfer Agent under the Paying Agency Agreement, the Exchange Rate Agent under the Exchange Rate Agency Agreement, Barclays Bank PLC under the Bank Agreement and the Guaranteed Investment Contract, the Standby Administrator under the Standby Administration Agreement and the Corporate Services Provider and the Share Trustee under the Corporate Services Agreement;

(iii) third, to pay any amount due to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement (other than, only relating to a period where the Liquidity Facility has been fully drawn for reason of non-renewal of the Liquidity Facility by the Liquidity Facility Provider, the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which shall for the avoidance of doubt include LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non- renewal had not occurred);

(iv) fourth, to pay, *pro rata* and *pari passu*:

(A) (a) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders) and amounts payable to the Currency Swap Counterparty in respect of notional interest and any termination payment under the terms of the USD Note Currency Swap Agreement (except in each case for the relevant Currency Swap Counterparty Default Payment) and if the USD Note Currency Swap Agreement is not in place, to apply with such amounts an amount up to the amount which would have been so payable by the Issuer under the USD Note Currency Swap Agreement in exchange for US dollars in the spot exchange market in order to meet the interest then due on the relevant class of the A Notes; and (b) to the extent that in relation to any spot exchange for US dollars, an amount is obtained which is insufficient to pay interest due on the A1 Notes to apply such further amounts in exchange for US dollars in the spot exchange market in order to meet such shortfall (all US dollar amounts received pursuant to exchange in the spot market under (a) and (b) above are to be applied in payment of interest due in respect of the A1 Notes);

(B) at a ratio of 33.45 to 22.30 to 44.25 (being the ratio of Base Currency PAO at issue of A1 Notes to A2 Notes to A3 Notes) to (a) the holders of the A2 Notes and the A3 Notes in respect of principal of the A2 Notes and the A3 Notes, respectively, and (b) the Currency Swap Counterparty in respect of principal under the terms of the USD Note Currency Swap Agreement (except for any relevant Currency Swap Counterparty Default Payment), or, in the case of (b) above, if there is no USD Note Currency Swap Agreement then in place, to exchange for US dollars in the spot exchange market (all such USD Redemption Amounts shall be applied in redemption of the A1 Notes as provided in Condition 5(b)) until the A Notes are redeemed in full;

(v) fifth, to pay, *pro rata* and *pari passu*:

(A) amounts (other than in respect of principal) payable in respect of the M1 Notes;

(B) to the holders of the M1 Notes in respect of principal of the M1 Notes until the M1 Notes are redeemed in full;

(vi) sixth, to pay, *pro rata* and *pari passu*:

(A) amounts (other than in respect of principal) payable in respect of the M2 Notes;

(B) to the holders of the M2 Notes in respect of principal of the M2 Notes until the M2 Notes are redeemed in full;

(vii) seventh, to pay, *pro rata* and *pari passu*:

(A) amounts (other than in respect of principal) payable in respect of the B1 Notes;

(B) to the holders of the B1 Notes in respect of principal of the B1 Notes until the B1 Notes are redeemed in full;

(viii) eighth, to pay amounts (if any) due, relating to a period when the Liquidity Facility has been fully drawn for reason of non-renewal of the Liquidity Facility by the

Liquidity Facility Provider, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement reflecting the difference between the applicable margin under the Liquidity Facility Agreement payable during such period (which shall for the avoidance of doubt include LIBOR) and the aggregate of (i) the amount of any interest earned on the Liquidity Drawn Amount whilst deposited in an interest-bearing account during such period and (ii) the amount of commitment fee under the Liquidity Facility Agreement payable if such non- renewal had not occurred;

(ix) ninth, to pay all outstanding interest and to repay all outstanding principal in respect of the MER Loan;

(x) tenth, in or towards payment of any Currency Swap Counterparty Default Payment payable to the Currency Swap Counterparty under the terms of the USD Note Currency Swap Agreement;

(xi) eleventh, to pay amounts payable in respect of the Residuals; and

(xii) twelfth, to pay any remaining amounts to the Issuer and to any other persons entitled thereto.

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Condition 9(a)) or upon the Issuer requesting the Trustee to exercise any of its powers under the Deed of Charge relating to the enforcement of the Security or a petition or application being presented for the making of an administration order in relation to the Issuer or any person who is entitled to do so giving written notice of its intention to appoint an administrator of the Issuer or filing such a notice with the court. If the Security has become enforceable otherwise by reason of a default in payment due under the Notes, the Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless the Trustee is satisfied sufficient amounts would be realised to allow discharge in full of all amounts owing in respect of the Offered Notes (and any amounts ranking in priority or *pari passu* therewith) or if the Trustee is of the opinion, reached after considering the advice of an investment bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer if the assets were not disposed of will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Offered Notes.

Condition 3: Covenants

Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Administration Agreement, the Exchange Rate Agency Agreement, the Mortgage Sale Agreement, the Standby Administration Agreement, the Corporate Services Agreement, the Guaranteed Investment Contract, the USD Note Currency Swap Agreement, the Liquidity Facility Agreement, the MER Loan Agreement, the Declaration of Trust, the Post Enforcement Call Option, the Bank Agreement, and the Interest Rate Cap Agreement (collectively, the "**Documents**"), the Issuer shall not, for so long as any Offered Note remains outstanding (as defined in the Trust Deed), *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

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

(ii) open any account whatsoever with any bank or other financial institution, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Condition 2;

(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 in respect of any obligation of any person;

(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, 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;

(f) Tax Grouping

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

(g) Other

permit any of the Documents, the insurance contracts relating to the Mortgage Loans 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 Trust Deed and these Conditions, or permit any party to any of the Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Documents. In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Documents or may impose such other conditions or requirements as the Trustee may deem expedient in the interests of the Offered Noteholders.

Condition 4: Interest

(a) Period of Accrual

A13.4.8
A13.4.10

Each Offered Note of each class bears interest from (and including) the Issue Date. Each Offered Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition (after as well as before any judgment or decree) up to (but excluding) the date on which all sums due in respect of such Offered Note up to that day are received by or on behalf of the relevant Offered Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 15) that it has received all sums due in respect of such Offered Note (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 Condition 4(f). Whenever it is necessary to compute an amount of interest in respect of any Offered Note for any period (including an Interest Period (as defined below)), such interest shall be calculated on the basis of actual days elapsed in a 365 day year or a 366 day year if the last day of such period falls in a leap year (in the case of Sterling Notes) or in a 360 day year (in the case of the USD Notes).

(b) Payment Dates and Interest Periods

Subject to Condition 6, interest on the Offered Notes is payable in arrear on 13 March 2006, and thereafter quarterly in arrear on the 12th day in June, September, December and March in each year, unless such day is not a Business Day, in which case interest shall be payable on the following day which is a Business Day (each such date, a "**Payment Date**"). "**Business Day**" (other than for the purposes of Condition 6) means a day (other than Saturday or Sunday) on which banks are open for business in London, Luxembourg, New York. The period from (and including) a Payment Date (or the Issue Date) to (but excluding) the next (or first) Payment Date is called an "**Interest Period**" in these Conditions.

(c) Rate of Interest

Subject to Condition 7, the rate of interest payable from time to time (the "**Rate of Interest**") and the Interest Amount (as defined below) in respect of the Offered Notes will be determined on the basis of the provisions set out below:

(i) in relation to the Sterling Notes and for the purpose of determining the London Interbank Offered Rate ("**LIBOR**") for three month sterling deposits (or, in respect of the first Interest Period, an annual rate obtained by linear interpolation of LIBOR for three month sterling deposits and LIBOR for four month sterling deposits) ("**Note LIBOR**"), on each Payment Date, or in respect of the first Interest Period, on the Issue Date (each an "**Interest Determination Date**"), the Agent Bank will determine the offered quotation to leading banks in the London interbank market for three month sterling deposits (or in respect of the first Interest Period, an annual rate obtained by linear interpolation of LIBOR for three month sterling deposits and LIBOR for four month sterling deposits) by reference to the display designated as the British Bankers Association's Interest Settlement Rate as quoted on the Telerate Screen Page No. 3750 (or (A) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace Telerate Screen Page No. 3750) as at or about 11.00 am (London time) on that date (the "**Sterling Screen Rate**"). Note LIBOR in relation to the Sterling Notes for such Interest Period shall be the Sterling Screen Rate;

(ii) in relation to the USD Notes and for the purpose of determining LIBOR for three month US dollar deposits ("**USD-LIBOR**") (or, in respect of the first Interest Period, an annual rate obtained by linear interpolation of LIBOR for three month USD and LIBOR for four month USD deposits) ("**Note USD-LIBOR**"), on the second London Business Day preceding each Payment Date or, in respect of the first Interest Period, two London Business Days prior to the Issue Date (each an "**Interest Determination Date**"), the Agent Bank will determine the offered quotation to leading banks in the London interbank market for three month USD deposits (or if necessary in respect of the first Interest Period, an annual rate obtained by linear interpolation of LIBOR for three month USD deposits and LIBOR for four month USD deposits) by reference to the Telerate Screen No. 3750 (or (A) such other page as may replace Telerate Screen No. 3750 on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace Telerate Screen No. 3750) as at or about 11.00 a.m. (London time) on that date (the "**USD Screen Rate**"). Note USD-LIBOR in relation to the USD Notes for such Interest Period shall be the USD Screen Rate;

(iii) if a Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined in paragraph (i) below) to provide the Agent Bank with its offered quotation as at or about 11.00 am (London time) on that date to leading banks for the applicable currency deposits for a period of three months (or in the case of the first Interest Period, such rate shall be obtained by linear interpolation of the rate for two month and three month applicable currency deposits respectively). The applicable Base Rate for such Interest Period shall, subject as provided below, be the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the quotations of the Reference Banks;

(iv) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks provide such quotations, the applicable Base Rate for the relevant Interest Period shall be determined (in accordance with (c)(i) above) on the basis of the quotations of the two quoting Reference Banks;

(v) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only one or none of the Reference Banks provides such a quotation, then the applicable Base Rate for the relevant Interest Period shall be the Reserve Interest Rate. The "**Reserve Interest Rate**" shall be either (aa) the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the applicable currency lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting, as at or about 11.00 am (London time) on the relevant Interest Determination Date, for the relevant Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are in the sole opinion of the Agent Bank being so made or (bb) if the Agent Bank certifies that it cannot determine such arithmetic means, the average of the applicable currency lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting on the relevant Interest Determination Date to leading banks which have their head offices in London for the relevant Interest Period provided that if the Agent Bank certifies as aforesaid and further certifies that none of the banks selected as provided in (bb) above is quoting to leading banks as aforesaid, then the Reserve Interest Rate shall be the Base Rate in effect for the Interest Period ending on the relevant Interest Determination Date; and

(vi) the Rate of Interest for any Interest Period will be equal to the Relevant Margin (as defined below) above Note USD-LIBOR (in the case of the USD Notes) and Note LIBOR (in the case of the Sterling Notes) (as determined in the manner provided above).

In this Condition, Note LIBOR is defined as the "**Base Rate**". The Sterling Screen Rate and the USD Screen Rate are together defined as the "**Screen Rates**", and each of them as a "**Screen Rate**".

(d) Determination of Rates of Interest and Calculation of Interest Amounts

The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Administrator, the Trustee, the London Stock Exchange plc (the "**London Stock Exchange**") and the Principal Paying Agent of (i) the Rate of Interest applicable to the Interest Period beginning on and including such Interest Determination Date in respect of each Offered Note and (ii) the amount of interest (the "**Interest Amount**") payable in respect of such Interest Period in respect of each Offered Note. The Interest Amount will be calculated by applying the Rate of Interest in respect of each Offered Note multiplied by the Principal Amount Outstanding of such Offered Note and then multiplied by the actual number of days elapsed in the Interest Period and divided by (i) in the case of Sterling Notes, 365 (or 366, where the last day of such period falls in a leap year) rounded to the nearest penny with half a penny being rounded upwards or (ii) in the case of Offered Notes other than the Sterling Notes, 360 rounded to the nearest cent with half a cent being rounded upwards.

(e) Publication of Rate of Interest, Interest Amount

As soon as practicable after receiving notification thereof, the Issuer will cause the Rate of Interest and the Interest Amount for each Interest Period and the immediately succeeding Payment Date to be notified to each stock exchange (if any) on which notice is to be given in accordance with Condition 15. The Interest Amount and Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period.

(f) Deferral of Interest

Interest on the Offered Notes shall be payable in accordance with this Condition 4 and Condition 6 subject to the terms of this paragraph (f):

(i) in the event that, whilst there are A Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Priority of Payments as being available to the Issuer on any Payment Date for application in or towards the payment of interest which is, subject to this Condition 4(f), due on the M1 Notes on such

Payment Date (such aggregate available funds being referred to in this Condition 4(f) as the "**M1 Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 4(f), due on the M1 Notes on such Payment Date, there shall be payable on such Payment Date, by way of interest on each M1 Note, a *pro rata* share of the M1 Residual Amount;

(ii) in the event that, whilst there are A Notes or M1 Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Priority of Payments as being available to the Issuer on any Payment Date for application in or towards the payment of interest which is, subject to this Condition 4(f), due on the M2 Notes on such Payment Date (such aggregate available funds being referred to in this Condition 4(f) as the "**M2 Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 4(f), due on the M2 Notes on such Payment Date, there shall be payable on such Payment Date, by way of interest on each M2 Note, a *pro rata* share of the M2 Residual Amount;

(iii) in the event that, whilst there are A Notes, M1 Notes or M2 Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Priority of Payments as being available to the Issuer on any Payment Date for application in or towards the payment of interest which is, subject to this Condition 4(f), due on the B1 Notes on such Payment Date (such aggregate available funds being referred to in this Condition 4(f) as the "**B1 Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 4(f), due on the B1 Notes on such Payment Date, there shall be payable on such Payment Date, by way of interest on each B1 Note, a *pro rata* share of the B1 Residual Amount; and

(iv) in the event that, by virtue of the provisions of sub-paragraphs (i) to (iii) above, a *pro rata* share of the M1 Residual Amount, the M2 Residual Amount or the B1 Residual Amount (as the case may be) is paid to Offered Noteholders of the relevant class in accordance with such provisions, the Issuer shall create provisions in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the M1 Notes, the M2 Notes or the B1 Notes, as the case may be, on any Payment Date in accordance with this Condition 4(f) falls short of the aggregate amount of interest payable on the relevant class of Offered Notes on that date pursuant to the other provisions of this Condition 4. Such shortfall shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the applicable Base Rate plus the Relevant Margin for the relevant class of Offered Notes for such Interest Period, as applicable. A *pro rata* share of such shortfall plus any interest accrued thereon shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were interest due, subject to this Condition 4(f), on each M1 Note, M2 Note or B1 Note, as the case may be, on the next succeeding Payment Date. This provision shall cease to apply on the Payment Date referred to in Condition 5(a) at which time all accrued interest shall become due and payable.

(g) Determination and/or Calculation by Trustee

If the 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 Trustee shall (i) 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) (ii) calculate the Interest Amount in the manner specified in paragraph (d) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(h) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee and all Offered Noteholders and (in such absence as aforesaid) no liability to the Trustee or the Offered Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(i) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Offered Notes remains outstanding, there shall at all times be an Agent Bank. The initial Agent Bank shall be JPMorgan Chase Bank, N.A., London office. In the event of JPMorgan Chase Bank, N.A. being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be approved by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved by the Trustee has been appointed. The reference banks shall be the principal London office of each of Barclays Bank PLC, National Westminster Bank Plc and HSBC Bank plc or any other three major banks engaged in the London interbank market as may be selected by the Agent Bank (each a "**Reference Bank**").

(j) Issuer Undertaking to Maintain EU Paying Agent Not Obliged to Withhold or Deduct Tax

The Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Condition 5: Redemption and Post Enforcement Call Option

(a) Final Redemption of the Offered Notes A13.4.9

Unless previously redeemed as provided in this Condition, the Issuer shall redeem the Offered Notes at their Principal Amount Outstanding on the Payment Date falling in December 2022 (in the case of the A1 Notes) and falling in December 2043 (in the case of the A2 Notes, the A3 Notes, the M1 Notes, the M2 Notes and the B1 Notes).

The Issuer may not redeem Offered Notes in whole or in part prior to such Payment Date except as provided in this Condition but without prejudice to Condition 9.

(b) Mandatory Redemption in Part

On each Payment Date, other than the Payment Date on which the Offered Notes are to be redeemed under paragraphs (a) above or (d), (e) or (f) below, the Issuer shall make redemptions of the Offered Notes in accordance with the Principal Priority of Payments and shall apply the following amounts (each as determined on the Determination Date immediately preceding such Payment Date): the amounts determined pursuant to sub-paragraph (i) of the Principal Priority of Payments, in redeeming the A1 Notes until the Payment Date on which the A1 Notes have been redeemed in full; after the A1 Notes have been redeemed in full the Issuer shall apply the amounts determined pursuant to sub-paragraph (ii) of the Principal Priority of Payments, in redeeming the A2 Notes until the Payment Date on which such A2 Notes have been redeemed in full; (iii) after the A2 Notes have been redeemed in full the Issuer shall apply the amounts determined pursuant to sub-paragraph (iii) of the Principal Priority of Payments in redeeming the A3 Notes until the Payment Date on which such A3 Notes have been redeemed in full; (iv) after the A3 Notes have been redeemed in full the Issuer shall apply the amounts determined pursuant to sub-paragraph (iv) of the Principal Priority of Payments, in redeeming the M1 Notes until the Payment Date on which such M1 Notes have been redeemed in full; after the M1 Notes have been redeemed in full the Issuer shall apply the amounts determined pursuant to sub-paragraph (v) of the Principal Priority of Payments, in redeeming the M2 Notes until the Payment Date on which such M2 Notes have been redeemed in full; after the M2 Notes have been redeemed in full the Issuer shall apply the amounts determined pursuant to sub-paragraph (vi) of the Principal Priority of Payments, in redeeming the B1 Notes until the Payment Date on which such B1 Notes have been redeemed in full.

The circumstances for *pro rata* application referred to in Condition 2(d) arise on any such Payment Date immediately succeeding a Determination Date on which:

(i) after the previous Payment Date, the result produced by the fraction (M+B1)/(A+M+B1) is greater than or equal to twice the result produced by that fraction as at the Issue Date;

(ii) all balances on each of the Principal Deficiency Sub-Ledgers are zero;

(iii) the balance of the Reserve Fund is at the Reserve Fund Required Amount;

(iv) the Liquidity Drawn Amount is zero; and

(v) the total balance of all Mortgage Loans in the Mortgage Pool which are 90 days or more in arrears does not exceed 17 per cent. of the total balance of all the Mortgage Loans in the Mortgage Pool.

For the purposes of this paragraph, as at any date:

A = the aggregate Base Currency PAO of the A Notes on such date;

M = the aggregate Base Currency PAO of the M Notes on such date;

B1 = the aggregate Base Currency PAO of the B1 Notes on such date.

The Administrator is responsible, pursuant to the Administration 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 gross negligence, wilful default, bad faith or manifest error) be final and binding on the Issuer, the Trustee, and all Offered Noteholders and no liability to the Offered Noteholders shall attach to the Issuer, the Trustee, or (in such absence as aforesaid) to the Administrator in connection therewith.

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

The principal amount redeemable in respect of each Offered Note of each class (the "**Note Principal Payment**") on any Payment Date under paragraph (b) above shall be the amount of the Actual Redemption Funds on the Determination Date immediately preceding that Payment Date to be applied in redemption of the Offered Notes (and in the case of USD Notes, the amount converted into sterling by reference to the USD Currency Swap Rate under the USD Note Currency Swap Agreement) of that class multiplied by the denomination of such Offered Note and divided by the aggregate Principal Amount Outstanding of the Offered Notes of that class outstanding on the relevant Payment Date (rounded down to the nearest pound or US dollar); provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Offered Note (and in the case of USD Notes, the amount converted into sterling by reference to the USD Currency Swap Rate under the USD Note Currency Swap Agreement).

With respect to each of the Offered Notes on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Administrator to determine) (i) the amount of any Note Principal Payment due on the Payment Date next following such Determination Date, (ii) the principal amount outstanding of each such Offered Note of such class on the Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Payment Date such deduction not to be made for the purposes of future calculations with regard to Conditions 4, 5, 9 and 10 if the Note Principal Payment which has become due has not been paid) (the "**Offered Notes Principal Amount Outstanding**") 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 an Offered Note of that class (as referred to in (ii) above) and the denominator is the denomination of the Offered Note. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of an Offered 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 of the classes of Offered Notes, the Issuer will cause each determination of a Note Principal Payment, Offered Notes Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Trustee, the Currency Swap Counterparty, the Paying Agents, the Agent Bank and (for so long as the Offered Notes 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 15 by not later than two Business Days prior to the relevant Payment Date. If no Note Principal Payment is due to be made on the Offered Notes on any Payment Date a notice to this effect will be given to the Offered Noteholders.

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

(d) Optional Redemption

On any Payment Date following the Payment Date on which the aggregate Principal Amount Outstanding of the Offered Notes is equal to or less than 10 per cent. of the initial aggregate Base Currency PAO of the Offered Notes, the Administrator may give not more than 60 nor less than 30 days' notice to the Trustee and the Offered Noteholders in accordance with Condition 15 and, following the giving of such notice, the Issuer shall be obliged to redeem all (but not some only) of the Offered Notes at their Offered Notes Principal Amount Outstanding, provided that prior to giving any such notice, the Issuer shall have provided to the 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 Offered Notes as aforesaid and to pay or make provision for all amounts ranking in priority thereto.

(e) Optional Redemption for Tax Reasons

If the Issuer at any time immediately prior to the giving of the notice referred to below satisfies the Trustee that either (i) on the next Payment 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 Offered 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 Administrator may, having given not more than 60 nor less than 30 days' notice to the Trustee and the Offered Noteholders in accordance with Condition 15, require the Issuer to redeem on any Payment Date all (but not some only) of the Offered Notes at their Offered Notes Principal Amount Outstanding, provided that, prior to giving any such notice, the Issuer shall have provided to the 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 all the Offered Notes and pay all amounts ranking in priority thereto as aforesaid and (b) if appropriate, a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in England (approved in writing by the Trustee) opining on the relevant change in tax law (or interpretation, application or administration thereof). Any certificate and legal opinion given by or on behalf of the Issuer may be relied on by the Trustee and shall be conclusive and binding on the Offered Noteholders.

(f) Optional Redemption of the Offered Notes

Upon giving not more than 60 days nor less than 30 days prior notice to the Trustee in accordance with Condition 15, the Administrator may require the Issuer to redeem all (but not some only) of the Offered Notes specified below at their Principal Amount Outstanding together with any accrued interest on the Payment Date falling on the Step-Up Date or any Payment Date thereafter, provided that, prior to giving any such notice, the Issuer shall have provided to the 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 Offered Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with the Offered Notes outstanding in accordance with the relevant priority of payments.

The term "**Optional Redemption**" shall refer to redemption of the Offered Notes under any of the foregoing circumstances or procedures referred to in paragraph (d), (e) or (f) above.

(g) Notice of Redemption

Any such notice as is referred to in paragraph (d), (e) or (f) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Offered Notes at the Offered Notes Principal Amount Outstanding (where applicable).

(h) Purchase

The Issuer shall not purchase any Offered Notes.

(i) Cancellation

All Offered Notes redeemed pursuant to paragraphs (a), (b), (c), (d), (e) or (f) above will be cancelled upon redemption and may not be resold or re-issued.

(j) Post Enforcement Call Option

All of the M1 Noteholders and/or the M2 Noteholders and/or the B1 Noteholders will, at the request of the Trustee, sell all (but not some only) of their holdings of the M1 Notes and/or the M2 Notes and/or the B1 Notes, as the case may be, to the holder of the option granted to RMAC Holdings Limited by the Trustee (as agent for the Offered Noteholders) to acquire all (but not some only) of the M1 Notes and/or the M2 Notes and/or the B1 Notes (plus accrued interest thereon), for the consideration of one penny per M1 Note, one penny per M2 Note and one penny per B1 Note outstanding in the event that the Security for the Offered Notes is enforced, at any time after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the M1 Notes and/or the M2 Notes and/or the B1 Notes and after the application of any such proceeds to the M1 Notes, M2 Notes and B1 Notes under the Deed of Charge, to pay any further principal and interest and any other amounts whatsoever due in respect of the M1 Notes, M2 Notes and B1 Notes.

Furthermore, each of the Offered Noteholders acknowledges that the Trustee has the authority and the power to bind the Offered Noteholders in accordance with the terms and conditions set out in the Post Enforcement Call Option and each Offered Noteholder, by subscribing for or purchasing the relevant Offered Note(s), agrees to be so bound.

Condition 6: Method of Payments

(a) Global Notes

Payments of interest and principal in respect of any Global Note will be made to the persons in whose names the Global Note is registered on the Register. A record of each payment so made on a Global Note distinguishing between any payment of principal and/or payment of interest, will be noted on the Register and endorsed on the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which record shall be prima facie evidence that such payment has been made. Payments in respect of the Sterling Notes will be made by sterling cheque drawn on a bank in London or by transfer to a sterling account maintained by the payee with a bank in London. Payments in respect of the USD Notes will be made in US dollars at the specified office of the Principal Paying Agent by transfer to a

US dollar account maintained by the payee with a US dollar clearing bank as specified by the payee.

(b) Definitive Notes

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the relevant Offered Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Offered Note), in which case the relevant payment of principal or interest, as the case may be, will be made against surrender of such Offered Notes) in respect of Definitive Notes will be made by sterling cheque drawn on a bank in London (in the case of Sterling Notes) or by US dollar cheque drawn on a US dollar clearing bank in the case of USD Notes mailed to the holder (or to the first-named of joint holders) of such Definitive Note at the address shown in the Register not later than the due date for such payment. If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) so paid. For the purposes of this Condition 6, the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first named of joint holders) on the Register on the 15th day before the due date for such payment (the "**Record Date**").

Upon application by the holder of a Definitive Note to the specified office of the Registrar not later than the Record Date for any payment in respect of such Definitive Note, such payment will be made by transfer to a sterling account maintained by the payer with a bank in London or to a US dollar account maintained by the payee with a US dollar clearing bank as specified by the payee (in the case of USD Notes). Any such application for transfer to such an account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

(c) Payments of principal and interest in respect of the Offered Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) If payment of principal is improperly withheld or refused on or in respect of any Offered Note or part hereof, the interest which continues to accrue in respect of such Offered Note in accordance with Condition 4(a) will be paid to the extent received in accordance with this Condition 6 (in respect of any Definitive Note). If any payment due in respect of any Global Note is not paid in full, the Principal Paying Agent will endorse a record of the amount (if any) so paid on the relevant Global Note.

(e) The initial Paying Agents and their initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain: (i) a Paying Agent with a specified office in London (so long as the Offered Notes are admitted to the Official List of the UK Listing Authority and are admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market), (ii) a Paying Agent with a specified office in continental Europe and (iii) an Agent Bank. The Issuer will cause at least 30 days' notice of any change in or addition to any of the agents or their specified offices to be given in accordance with Condition 15.

(f) If the date for payment of any amount in respect of any Global Note is not a Business Day, no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Global Note. For the purpose of Condition 6, "**Business Day**" means a day (other than Saturday and Sunday) on which banks are open for business in London and Luxembourg and in any case where presentation or surrender of a Global Note is required, in the place where the Global Note is presented or surrendered.

(g) If, on a relevant Payment Date, payment of the relevant amount of principal or interest is improperly withheld or refused on or in respect of any Global Note or part thereof by the Paying Agents, the Issuer will indemnify the Trustee on behalf of the relevant affected Offered Noteholders by paying to the Trustee on behalf of such Offered 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 4 if payment of such amount had been paid by the Issuer to the Offered Noteholders on the relevant Payment 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 Offered Noteholder, payment under such indemnity to be due without demand from the relevant Payment Date.

Condition 7: Prescription

A13.4.8

Claims for principal and interest in respect of a Global Note shall become void unless presented for payment of principal within a period of 10 years from the Relevant Date in respect thereof and five years in respect of payment of interest. Claims for principal and interest in respect of Definitive Notes shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate Relevant Date. After the date on which an Offered Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the "**Relevant Date**" in respect of a Note is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Offered Notes due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which the full amount of such monies having been so received, notice to that effect is duly given to the Offered Noteholders in accordance with Condition 15.

Condition 8: Taxation

All payments in respect of the Offered Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessment or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Offered Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessment or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) 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 Principal Paying Agent, any other Paying Agent, GMAC-RFC, the Issuer nor any other person will be obliged to make any additional payments to holders of Offered Notes in respect of such withholding or deduction.

Condition 9: Events of Default

(a) The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate of the Base Currency PAO of the A1

Notes or the A2 Notes or the A3 Notes or, if no A Notes are outstanding, the M1 Notes, or, if no M1 Notes are outstanding, the M2 Notes, or, if no M2 Notes are outstanding, the B1 Notes, or if so directed by or pursuant to an Extraordinary Resolution (as defined in the Trust Deed) of the holders of any of the A1 Notes or the A2 Notes or the A3 Notes, or, if no A Notes are outstanding, the M1 Notes, or, if no M1 Notes are outstanding, the M2 Notes, or, if no M2 Notes are outstanding, the B1 Notes, (subject to the Trustee being indemnified to its satisfaction), the Trustee shall give notice (an "**Enforcement Notice**") to the Issuer declaring the Offered Notes to be due and repayable at any time after the happening of any of the following events (each an "**Event of Default**"):

(i) default being made for a period of ten Business Days in the payment of principal of or any interest on any Offered Note when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest in accordance with Condition 4(f) shall not constitute a default in the payment of such interest for the purposes of this Condition 9; or

(ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Offered Notes or the Trust Deed or the Issuer or the Administrator failing duly to perform or observe any obligation binding on it under the Administration Agreement or the Deed of Charge and, in any such case (except where the Trustee certifies 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 following the service by the Trustee on the Issuer or the Administrator (as the case may require) of notice requiring the same to be remedied; or

(iii) the Issuer, other than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (iv) below, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due within the meaning of Section 123(2) of the Insolvency Act 1986 (as amended); or

(iv) an order being made or an effective resolution being passed for the winding up of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the A1 Notes (if any A1 Notes are then outstanding), the holders of the A2 Notes (if any of the A2 Notes are then outstanding) and the holders of the A3 Notes or, if no A Notes are outstanding, the holders of the M1 Notes, or, if no M1 Notes are outstanding, the holders of the M2 Notes, or, if no M2 Notes are outstanding, the holders of the B1 Notes; or

(v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for the appointment of an administrator or liquidator) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administrator being appointed, or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally, provided that, in the case of each of the events described in sub-paragraphs (ii), (iii) or (v) to this paragraph (a), the Trustee has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Offered Noteholders.

(b) Upon any declaration being made by the Trustee in accordance with paragraph (a) above that the Offered Notes are due and repayable, the Offered Notes shall immediately become due and repayable at the Offered Notes Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

(c) So long as any part of the Offered Notes remain outstanding the Issuer will, upon becoming aware of the occurrence of any Event of Default, give notice in writing thereof to the Trustee and the Currency Swap Counterparty.

Condition 10: Enforcement of Offered Notes

At any time after the Offered Notes have become due and repayable, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce payment of the Offered Notes together with accrued interest. The Trustee shall not be bound to take any such proceedings unless (x) it shall have been so directed by an Extraordinary Resolution of the Offered Noteholders of the relevant class provided that no Extraordinary Resolution of the M1 Noteholders, M2 Noteholders or B1 Noteholders or any request of M1 Noteholders, M2 Noteholders or B1 Noteholders shall be effective unless there is an Extraordinary Resolution of each of the A1 Noteholders, the A2 Noteholders and the A3 Noteholders or a direction of each of the A1 Noteholders, the A2 Noteholders and the A3 Noteholders to the same effect, or, if no A Notes remain outstanding, no Extraordinary Resolution of the M2 Noteholders or B1 Noteholders or any request of the M2 Noteholders or B1 Noteholders shall be effective unless there is an Extraordinary Resolution of the M1 Noteholders or a direction of the M1 Noteholders to the same effect, or, if no A Notes or M1 Notes remain outstanding, no Extraordinary Resolution of the B1 Noteholders or any request of the B1 Noteholders shall be effective unless there is an Extraordinary Resolution of the M2 Noteholders or a direction of the M2 Noteholders to the same effect, and (y) it shall have been indemnified to its satisfaction. No Offered Noteholder may take any action against the Issuer to enforce its rights in respect of the Offered Notes or to enforce all or any of the security constituted by the Deed of Charge otherwise than through the Trustee unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

Condition 11: Meetings of Offered Noteholders, Modifications, Consents, Waiver

The Trust Deed contains provisions for convening meetings of the A1 Noteholders, A2 Noteholders, A3 Noteholders, M1 Noteholders, M2 Noteholders and B1 Noteholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of such Offered Noteholders of the relevant class of any modification of the Offered Notes of the relevant class (including these Conditions as they relate to the Offered Notes of such relevant class, as the case may be) or the provisions of any of the Documents, provided that no modification of certain terms by the Offered Noteholders of any class including, *inter alia*, the date of maturity of the Offered 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 Offered Notes, the reduction or cancellation of the amount of principal payable in respect of such Offered Notes or any alteration of the priority of such Offered Notes (any such modification in respect of any such class of Offered Notes being referred to below as a "**Basic Terms Modification**") shall be effective unless such Extraordinary Resolution complies with the relevant terms of the Trust Deed.

The quorum at any meeting of the Offered Noteholders of any class of Offered Notes for passing an Extraordinary Resolution shall be two or more persons holding or representing over 50 per cent. of the aggregate Principal Amount Outstanding of the Offered Notes of the relevant class then outstanding, or, at any adjourned meeting, two or more persons being or representing the Offered Noteholders of the relevant class, whatever the aggregate Principal Amount Outstanding of the Offered Notes of the relevant class then outstanding, except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be two or more persons holding or representing in the aggregate not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the aggregate Principal Amount Outstanding of the Offered Notes of the relevant class then outstanding. The quorum at any meeting of the Offered Noteholders of any class of Offered Notes for all business other than voting on an Extraordinary Resolution shall be two or more persons holding or representing in the aggregate not less than five per cent. of the aggregate Principal Amount Outstanding of the Offered Notes of the relevant class or, at any adjourned meeting, two or more persons being or representing the Offered Noteholders of the relevant class, whatever the aggregate Principal Amount Outstanding of the Offered Notes of the relevant class then outstanding so held.

For so long as the Offered Notes (whether being Definitive Notes or represented by Global Notes) of any class are held by one party, such party and/or any proxy or representative for such party shall constitute two persons for the purposes of forming a quorum of that class of Offered Noteholders.

An Extraordinary Resolution of the A1 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A2 Noteholders and/or the A3 Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A2 Noteholders and the A3 Noteholders. An Extraordinary Resolution of the A2 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A1 Noteholders and/or the A3 Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders and the A3 Noteholders. An Extraordinary Resolution of the A3 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A1 Noteholders and/or the A2 Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders and the A2 Noteholders.

An Extraordinary Resolution of the M1 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders, the A1 Noteholders, the A2 Noteholders and the A3 Noteholders. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the A Noteholders, the exercise of which will be binding on the M1 Noteholders, the M2 Noteholders, the B1

Noteholders, the MERC Holders and Residual Holders, irrespective of the effect on their interests.

An Extraordinary Resolution of the M2 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders and the M1 Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders, the A2 Noteholders, the A3 Noteholders and the M1 Noteholders. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the M1 Noteholders, the exercise of which will be binding on the B1 Noteholders, the MERC Holders and Residual Holders, irrespective of the effect on their interests. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the M1 Noteholders, which will be binding on the B1 Noteholders, MERC Holders and Residual Holders.

An Extraordinary Resolution of the B1 Noteholders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders, the M1 Noteholders and the M2 Noteholders or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders, the A2 Noteholders, the A3 Noteholders, the M1 Noteholders and the M2 Noteholders. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the M2 Noteholders, which will be binding on the MERC Holders and Residual Holders.

For the avoidance of doubt, these provisions regarding Extraordinary Resolutions are without prejudice to the rights of the requisite majority of the relevant Noteholders, either in conjunction with or separate from, any other class of Noteholders to direct the Trustee under Condition 9.

Subject to the preceeding paragraphs, an Extraordinary Resolution passed at any meeting of the Offered Noteholders of any class of Offered Notes shall be binding on all Instrumentholders, whether or not they are present at the meeting. The majority required for an Extraordinary Resolution, including the sanctioning of a Basic Terms Modification, shall be not less than 75 per cent. of the votes cast on that Extraordinary Resolution.

Subject to the succeeding paragraph, the Trustee may agree, without the consent of the Offered 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 Offered Notes of such class (including these Conditions) or any of the Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Offered Noteholders of such class or (b) to any modification of the Offered Notes of such class (including these Conditions) or any of the Documents, which in the Trustee's opinion is to correct a manifest error or is of a formal, minor or technical nature. In respect of each class of Offered Notes, the Trustee may also, without the consent of the Offered Noteholders of such class, determine that any Event of Default 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 an Event of Default shall not, subject to specified conditions, be treated as such (but the Trustee may not make any such determination of any Event of Default or any such waiver or authorisation of any such breach or proposed breach of the Offered Notes (including the Conditions) or any of the Documents in contravention of an express direction of the Offered Noteholders given by Extraordinary Resolution or a request under Condition 9 or 10). Any such modification, waiver, authorisation or determination shall be binding on the Offered Noteholders of each such class and, unless the Trustee agrees otherwise, any such modification shall be notified to such Offered Noteholders in accordance with Condition 15 as soon as practicable thereafter.

The 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 Documents, that such exercise will not be materially prejudicial to the interests of any Offered Noteholders if S&P and/or Fitch have confirmed that the current ratings of the relevant Offered Notes would not be adversely affected by such exercise.

Condition 12: Indemnification and Exoneration of the Trustee

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee 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 Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer and Administrator, and/or related companies of any of them, without accounting for any profit resulting therefrom. The Trustee will not 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 Administrator or by a clearing organisation or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed provides that the 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.

Condition 13: Definitive Notes

Definitive Notes will only be issued if 40 days or more after the Issue Date any of the following apply:

(a) (i) in the case of Rule 144A Global Notes, DTC has notified the Issuer that it is at any time unwilling or unable to continue as the holder of the Rule 144A Global Notes or is at any time unwilling or unable to continue as, or ceases to be, a clearing agency registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and a successor to DTC registered as a clearing agency under the Exchange Act to the satisfaction of the Trustee is not available within 90 days of such notification;

(ii) in the case of Reg S Global Notes, both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Trustee is available; or

(b) the Trustee has given an Enforcement Notice to the Issuer; or

(c) the Issuer would suffer a material disadvantage in respect of the Offered Notes as a result of a change in the laws or regulations (taxation or otherwise) (or in the interpretation, application or administration of the same) of any applicable jurisdiction (including payments being made net of tax) which would not be suffered were the relevant Offered Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee.

If Definitive Notes are issued, the beneficial interests represented by the Reg S Global Note of each class shall be exchanged in whole (but not in part) by the Issuer for Reg S Definitive Notes, and the beneficial interests represented by the Rule 144A Global Note of each class shall be exchanged in whole (but not in part) by the Issuer for Rule 144A Definitive Notes, in each case in the aggregate amount equal to the Offered Notes Principal Amount Outstanding of the relevant Reg S Global Note or Rule 144A Global Note, subject to and in accordance with the detailed provisions of the Paying Agency Agreement, the Trust Deed and the relevant Global Notes.

Condition 14: Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs 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 Global Notes or Definitive Notes must be surrendered before new ones will be issued.

Condition 15: Notice to Offered Noteholders

Any notice to the Offered Noteholders shall be validly given if published in the Financial Times or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in the United Kingdom. Any such notice shall be deemed to have been given to the Offered Noteholders and they shall be deemed to have notice of the content of any such notice, in each case, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen on which) publication is required.

The Trustee shall be at liberty to sanction some other method of giving notice to the Offered 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 Offered Notes are then listed and provided that notice of such other method is given to the Offered Noteholders in such manner as the Trustee shall require.

For so long as the Offered Notes are represented by Global Notes, notices to Offered Noteholders may be given by delivery of the relevant notice to DTC, Euroclear and Clearstream, Luxembourg for communication to the relative Accountholders rather than by publication as required by this Condition 15 provided that, in respect of the Offered Notes, so long as the Offered Notes are admitted to the Official List of the UK Listing Authority and are admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market, that competent authority so agrees. Any such notice shall be deemed to have been given to the Offered Noteholders on the seventh day after the day on which such notice is delivered to the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg.

Condition 16: 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 in connection with any resale thereof and to any prospective purchaser designated by such holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

Condition 17: Rights of Third Parties

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

Condition 18: European Economic and Monetary Union

(a) The Issuer may, without the consent of the Offered Noteholders on giving at least 30 days' prior notice to the Trustee and the Paying Agents designate a date (the "**Redenomination Date**"), being a Payment Date falling on or after the date on which the United Kingdom becomes a Participating Member State.

(b) Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(i) the Offered Notes currently denominated in sterling shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a principal amount for each such Offered Note equal to the Principal Amount Outstanding of that Offered Note in sterling converted into euro at the rate for conversion of sterling into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Trustee, that the then market practice in respect of the redenomination into euro 0.01 of securities denominated in sterling is different from that 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 Offered Noteholders, each stock exchange (if any) on which the Offered Notes are then listed and the Paying Agents of such deemed amendments;

(ii) if the Offered Notes have been issued in definitive form:

(A) the payment obligations contained in all Offered Notes denominated in sterling will become void on the euro exchange date but all other obligations of the Issuer thereunder (including the obligation to exchange such Offered Notes in accordance with this Condition 18), shall remain in full force and effect; and

(B) new Offered Notes denominated in euro will be issued in exchange for Offered Notes denominated in sterling in such manner as the Principal Paying Agent may specify and as shall be notified to the Offered Noteholders in the euro exchange notice;

(iii) all payments in respect of the Offered Notes denominated in euro (other than, unless the Redenomination Date is on or after such date as the sterling ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Participating Member State; and

(iv) an Offered Note may only be presented for payment on a day which is a business day in the place of presentation. In this Condition 18, "**business day**" means, in respect of any place of presentation, any day which is a day on which banks are open for business in such place of presentation.

(c) Following redenomination of Offered Notes pursuant to this Condition 18:

(i) where such Offered Notes have been issued in definitive form, the amount of interest due in respect of the Offered Notes will be calculated by reference to the principal amount then outstanding of the Offered Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and

(ii) the amount of interest payable in respect of each such Offered Note on each Payment Date shall be calculated by applying the Rate of Interest to the principal amount then outstanding of such Offered Note, dividing the product by two and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); provided, however, that, if the Issuer determines that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Offered Noteholders, each stock exchange (if any) on which the Offered Notes are then listed and the Paying Agents of such deemed amendment.

(d) In this Condition 18:

"**EMU**" means European Economic and Monetary Union;

"**euro**" means the single currency introduced on 1 January 1999 at the start of the third stage of EMU pursuant to the Treaty;

"**Participating Member State**" means a Member State of the European Communities which has adopted the euro as its lawful currency in accordance with the Treaty; and the "**Treaty**" means the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.

Condition 19: Governing Law

Except as indicated in the next sentence, the Documents (except for the Exchange Rate Agency Agreement, which is governed by New York law) and the Offered 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 Documents specific to the Scottish Mortgage Loans, which are governed by, and shall be construed in accordance with, Scots law and those specific to the Northern Irish Mortgages, which are governed by, and shall be construed in accordance with Northern Irish Law). A13.4.3

In these Conditions:

"**London Business Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London;

"**Relevant Margin**" for the A1 Notes shall be 0.08 per cent. per annum until the Payment Date falling in December 2012 (the "**Step-Up Date**") and thereafter 0.16 per cent. per annum; for the A2 Notes shall be 0.13 per cent. per annum until the Step-Up Date and thereafter 0.26 per cent. per annum; for the A3 Notes shall be 0.17 per cent. per annum until the Step-Up Date and thereafter 0.34 per cent. per annum; for the M1 Notes shall be 0.30 per cent. per annum until the Step-Up Date and thereafter 0.60 per cent. per annum; for the M2 Notes shall be 0.53 per cent. per annum until the Step-Up Date and thereafter 1.06 per cent. per annum; and for the B1 Notes shall be 0.82 per cent. per annum until the Step-Up Date and thereafter 1.64 per cent. per annum.

TERMS AND CONDITIONS OF THE MERCS

The following is the text of the terms and conditions of the MERCs (the "**MERC Conditions**") which (subject to amendment and completion) will be endorsed on or attached to each Global MERC and each Definitive MERC (if and to the extent applicable) and (subject to the provisions thereof) will apply to each such MERC.

The Mortgage Early Repayment Certificates ("**MERCs**") of RMAC 2005-NS4 Plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") expected to be dated on or about 7 December 2005 (the "**Issue Date**") between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "**Trustee**", which expression includes the trustee or trustees for the time being under the Trust Deed) as trustee for holders of the MERCs ("**MERC Holders**") and in relation to the Definitive MERCs (as defined below), Definitive MERC Holders, and in relation to Global MERCs (as defined below), Global MERC Holders. The MERCs will have the benefit of (to the extent applicable) a paying agency agreement (the "**Paying Agency Agreement**") dated on or about the Issue Date, as amended or supplemented from time to time between the Issuer, the Trustee, JPMorgan Chase Bank, N.A. as principal paying agent (the "**Principal Paying Agent**") and as agent bank (the "**Agent Bank**"), J.P. Morgan Bank Luxembourg S.A. as registrar (the "**Registrar**") and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). The Issuer will issue the MERCs to GMAC-RFC Limited. Payments made in respect of the MERCs constitute part of the consideration for, *inter alia*, the transfer of the Mortgage Loans.

In these MERC Conditions, all references to "**Registrar**", "**Agent Bank**" and "**Paying Agent**" shall mean any registrar, agent bank or paying agents appointed from time to time in accordance with the Paying Agency Agreement and shall include any successors thereto or to the Principal Paying Agent appointed from time to time in accordance with the Paying Agency Agreement and any reference to an "**Agent**" or "**Agents**" shall mean any or all (as applicable) of the above persons.

In these MERC Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the master definitions schedule (the "**Master Definitions Schedule**") dated the Issue Date between, *inter alios*, the Issuer, the Trustee and the Principal Paying Agent.

These MERC Conditions include summaries of, and are subject to, the detailed provisions of the following agreements, dated on or about the Issue Date and as amended or supplemented from time to time: the Trust Deed (which includes the form of the MERCs), the Paying Agency Agreement and a deed of charge between, *inter alios*, the Issuer and the Trustee (the "**Deed of Charge**"). Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and the Master Definitions Schedule are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified office of the Principal Paying Agent. The MERC Holders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement and the Deed of Charge. The Issuer may not purchase any MERCs.

If MERCs in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each MERC would be as set out below. While the MERCs remain in global form, the same terms and conditions govern such MERCs, except to the extent that they are appropriate only to MERCs in definitive form.

Condition 1: Form and Title

MERCs will be represented by a global certificate in registered form (a "**Global MERC**").

If MERCs in definitive form are issued pursuant to MERC Condition 13 a definitive certificate in respect of each MERC represented by the Global MERC (the "**Definitive MERCs**") will be issued in registered form and serially numbered.

Title to the Global MERCs and Definitive MERCs will pass upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. Registered holders of the Global MERCs or Definitive MERCs shall (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global MERC or Definitive MERC, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.

For so long as the MERCs are represented by Global MERCs, the Issuer and the Trustee may (but shall not be obliged to) (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of the particular number of MERCs (each, an "**Accountholder**") as the holder of such number of MERCs (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the MERC Holders), other than for the purposes of making payments on such Global MERCs, the right to which shall be vested, as against the Issuer and the Trustee, solely in the registered holder of the relevant Global MERC in accordance with and subject to the terms of the Trust Deed.

Transfers and exchanges of beneficial interests in the Global MERCs will be effected subject to and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, as appropriate.

Condition 2: Status, Security and Administration

The MERCs are constituted by the Trust Deed.

The MERCs constitute direct, secured (as more particularly described in the Deed of Charge) and unconditional obligations of the Issuer and rank *pari passu* without preference or priority amongst each other.

The Deed of Charge contains provisions to the effect that, so long as any of the Offered Notes are outstanding, the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons (other than Offered Noteholders in accordance with the Trust Deed) having the benefit of the security constituted by the Deed of Charge and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.

As security for the payment of all monies payable in respect of the MERCs, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

(a) first fixed charges in favour of the Trustee over the Issuer's interests in the Mortgage Loans, the Mortgages and certain other collateral security relating to the Mortgage Loans (such collateral security, together with the Mortgages, the "**Related Security**");

(b) an equitable assignment in favour of the Trustee of the Issuer's interests in the insurance contracts to the extent that they relate to the Mortgage Loans;

(c) an assignment in favour of the Trustee of the benefit of the Administration Agreement, the Corporate Services Agreement, the Mortgage Sale Agreement, the Guaranteed Investment Contract, the MER Loan Agreement, the Bank Agreement, the Standby Administration Agreement, the Liquidity Facility Agreement, the USD Note Currency Swap Agreement, the Interest Rate Cap Agreement, the Declaration of Trust, the Exchange Rate Agency Agreement and the Paying Agency Agreement (the "**Charged Obligation Documents**");

(d) a first fixed equitable charge in favour of the Trustee over the Issuer's interest in the Issuer Transaction Account, the GIC Account and any other bank account in which the Issuer has an interest; and

(e) a first floating charge in favour of the Trustee (ranking after the security referred to in (a) to (d) above) over the whole of the undertaking, property, assets and rights of the Issuer (and extending to all of the Issuer's Scottish assets, including those charged by the fixed security) (the fixed and floating charges collectively, the "**Security**").

Condition 3: Covenants

Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Administration Agreement, the Exchange Rate Agency Agreement, the Mortgage Sale Agreement, the Standby Administration Agreement, the Corporate Services Agreement, the Guaranteed Investment Contract, the USD Note Currency Swap Agreement, the Liquidity Facility Agreement, the MER Loan Agreement, the Declaration of Trust, the Post Enforcement Call Option, the Bank Agreement, and the Interest Rate Cap Agreement (collectively, the "**Documents**"), the Issuer shall not, for so long as any MERC remains outstanding (as defined in the Trust Deed), *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

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

(ii) open any account whatsoever with any bank or other financial institution, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in MERC Condition 2;

(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 in respect of any obligation of any person;

(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, 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;

(f) **Tax Grouping**

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

(g) **Other**

permit any of the Documents, the insurance contracts relating to the Mortgage Loans 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 Trust Deed and these MERC Conditions, or permit any party to any of the Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Documents.

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

Condition 4: MERC Holder Payments

(a) **Entitlement**

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, voluntarily or to the extent recovered following an enforcement event, at any time before the end of the mortgage term will be applied in repayment in full of all amounts due to the MER Loan Provider under the MER Loan Agreement (the "**MER Payments**"). Following payment in full of all amounts outstanding under the MER Loan Agreement, amounts in respect of Mortgage Early Repayment Charges will be paid to the MERC Holders (the "**MERC Holder Payments**"). The MERC Holder Payments shall be equal to the aggregate of Mortgage Early Repayment Charges (if any) received by the Issuer in the Determination Period (defined below) following payment in full of amounts due to the MER Loan Provider under the MER Loan Agreement, divided by the number of MERCs existing on the fifth Business Day before each Payment Date (each such date a "**Determination Date**") immediately preceding the relevant Payment Date on which such MERC Holder Payments are to be paid. MERC Holder Payments will be calculated from (and including) the last Business Day of each month which precedes a Payment Date (or the Issue Date) to (but excluding) the last Business Day of the month which precedes the immediately following (or the first, as the case may be) Payment Date, such period being a "**Determination Period**". Each MERC shall cease to bear an entitlement to MERC Holder Payments from the date of the cancellation of the MERCs (in accordance with MERC Condition 6).

(b) Payment

Subject to MERC Condition 6, MERC Holder Payments are payable in sterling on 13 March 2006 and thereafter on the 12th day in June, September, December and March in each year or on the following Business Day if such day is not a Business Day (each such date a "**Payment Date**"). "**Business Day**" means a day (other than Saturday or Sunday) on which banks are open for business in London, Luxembourg New York.

(c) Determination and/or Calculation by Trustee

If the Administrator does not at any time for any reason determine and/or calculate the MERC Holder Payments or MER Payments in accordance with the foregoing paragraphs, the Trustee shall determine and calculate the MERC Holder Payments or MER Payments amount in the manner specified in paragraphs (a) and (b) above, and any such determination and/or calculation shall be deemed to have been made by the Administrator.

(d) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this MERC Condition 4, whether by the Administrator or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Administrator, the Trustee and all MERC Holders and (in such absence as aforesaid) no liability to the Trustee or the MERC Holders shall attach to the Issuer, the Administrator or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

Condition 5: Transferability

Any person who acquires, holds or is the transferee of a MERC or any interest in a MERC (including the beneficiary of any entitlement to MERC Holder Payments or the beneficiary under any trust declared over a MERC or a MERC Holder Payment):

(a) hereby represents that it is a company within the charge to United Kingdom corporation tax as regards any MERC Holder Payments unless and until such time as that person otherwise notifies the Issuer by sending a notice in writing to the Administrator that this is not the case; and

(b) agrees to indemnify the Issuer for any loss or liability, costs and expenses (including stamp duties) which the Issuer determines will be or has been suffered by the Issuer to the extent that the person acquiring or holding, or who is the transferee of, the MERC or an interest in the MERC is in breach of the representation referred to in paragraph (a) above.

Condition 6: Cancellation

The entitlement of MERC Holders to receive MERC Holder Payments is contingent on the Offered Notes remaining outstanding. Subject to receipt by MERC Holders of MERC Holder Payments then payable, the MERCs shall be cancelled and will no longer constitute a claim against the Issuer following the redemption of all (but not some only) of the Offered Notes or, if earlier, purchase of the Offered Notes pursuant to the Post-Enforcement Call Option.

Condition 7: Payments

(a) Global MERCs

Payments of MERC Holder Payments in respect of the Global MERC will be made to the persons in whose names the Global MERC is registered on the Register at the close of business on the Determination Date and, in the case of final redemption of the Global MERC, upon surrender of the Global MERC at the specified office of any Paying Agent. Payments will be made by sterling cheque drawn on a bank in London or by transfer to a sterling account maintained by the payee with a bank in London.

(b) Definitive MERCs

Payments of MERC Holder Payments in respect of Definitive MERCs will be made on each Payment Date to the persons in whose names the Definitive MERCs are registered on the Register at the Determination Date and, in the case of final redemption of a Definitive MERC, upon surrender of such Definitive MERC at the specified office of any Paying Agent. Payments will be made by sterling cheque drawn on a bank in London or by transfer to a sterling account maintained by the payee with a bank in London.

(c) Payments in respect of the MERCs are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) If payment of MERC Holder Payments is improperly withheld or refused on or in respect of any MERC or part thereof, the MERC Holder Payments which continue to accrue in respect of such MERC in accordance with Condition 4 and will be paid to the extent received against (in respect of the Global MERC) presentation of such MERC at the specified office of any of the Paying Agents and (in respect of any Definitive MERC) in accordance with MERC Condition 7(b).

(e) The initial Paying Agents and their initial specified offices are listed at the end of the Global MERC or Definitive MERC to which these MERC Conditions are attached or enclosed. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain (i) a Paying Agent with a specified office in London, (ii) a Paying Agent with a specified office in continental Europe (if the MERCs are issued in a definitive form or the Issuer is obliged to issue MERCs in definitive form) and (iii) an Agent Bank. The Issuer will cause at least 30 days' notice of any change in or addition to any of the agents or their specified offices to be given in accordance with MERC Condition 15.

Condition 8: Prescription

The Global MERC shall become void unless presented for payment within a period of five years from the date on which the final MERC Holder Payment first became due. Claims for MERC Holder Payments in respect of Definitive MERCs shall become void unless made within a period of five years from the date on which the final MERC Holder Payment first became due and payable. After the date on which a MERC becomes void in its entirety, no claim may be made in respect thereof.

Condition 9: Taxation

All payments in respect of the MERCs will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the MERCs subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessment or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) 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 Issuer, the Principal Paying Agent, GMAC-RFC, any other Agent nor any other person will be obliged to make any additional payments to MERC Holders in respect of such withholding or deduction.

Condition 10: Events of Default

Upon any declaration being made by the Trustee in accordance with Condition 10 of the Offered Notes that the Offered Notes are due and payable, MERC Holder Payments in respect of Mortgage Early Repayment Charges received by the Issuer as at the date of such declaration shall immediately become due and payable. Any Mortgage Early Repayment Charges received following the Offered Notes becoming due and payable in accordance with Condition 10 of the Offered Notes, but prior to the earliest of (a) the discharge in full of all amounts owing in respect of the Offered Notes or (b) the Mortgage Loans being sold, will following repayment in full of amounts due to the MER Loan Provider under the MER Loan Agreement be for the benefit of the MERC Holders. The Trustee may, in its absolute discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce payment of and/or security created for the MERCs, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the MERC Holders and (b) the Trustee shall have been indemnified to its satisfaction. No MERC Holder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

Condition 11: Meetings of MERC Holders, Modifications, Consents, Waiver

The Trust Deed contains provisions for convening meetings of MERC Holders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of MERC Holders of any modification of the MERCs (including these MERC Conditions) or the provisions of any of the Documents as they relate to the MERCs, provided that no modification of certain terms by the MERC Holders including, *inter alia*, the day of expiry of the MERCs or a modification which would have the effect of postponing any day for payment of MERC Holder Payments in respect of such MERCs, the reduction or cancellation of the amount of MERC Holder Payments payable in respect of such MERCs, the alteration of the majority required to pass an Extraordinary Resolution or the alteration of the currency of payment of such MERC Holder Payments (any such modification in respect of the MERCs being referred to below as a "**Basic Terms Modification**") shall be effective unless such Extraordinary Resolution complies with the relevant terms of the Trust Deed.

The quorum at any meeting of the MERC Holders for passing an Extraordinary Resolution shall be two or more persons holding or representing over 50 per cent. of the MERCs or, at any adjourned meeting, two or more persons being or representing any MERC Holders whatever MERCs are held except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the MERCs. The quorum at any meeting of the MERC Holders for all business other than voting on an Extraordinary Resolution shall be two or more persons holding or representing in the aggregate not less than 5 per cent. of the MERCs or, at any adjourned meeting, two or more persons being or representing the MERC Holders, whatever the MERCs so held. In the event there is one holder of a Global MERC or all Definitive MERCs, such person will be deemed to constitute two persons for the purposes of forming a quorum for such meetings in accordance with this paragraph.

In respect of the interests of the MERC Holders, the Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the MERC Holders as regards all powers, trusts, authorities, duties and directions of the Trustee. The Trustee may only be directed by the MERC Holders and any Extraordinary Resolution of the MERC Holders will only be effective if the Trustee is of the opinion that the effect of the same will not be materially prejudicial to the interests of any or all of the Offered Noteholders or is sanctioned by an Extraordinary Resolution of each class of Offered Noteholders. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the Offered Noteholders which will be binding on the exercise of which will be the MERC Holders.

An Extraordinary Resolution of the MERC Holders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of any or all of the A Noteholders, the M1 Noteholders, the M2 Noteholders, the B1 Noteholders or the Residual Holders, or it is sanctioned by an Extraordinary Resolution of each of the A1 Noteholders, the A2 Noteholders, the A3 Noteholders, the M1 Noteholders, the M2 Noteholders, the B1 Noteholders and the Residual Holders.

An Extraordinary Resolution passed at any meeting of the MERC Holders shall be binding on all MERC Holders, whether or not they are present at the meeting. The majority required for an Extraordinary Resolution, including the sanctioning of a Basic Terms Modification, shall be not less than 75 per cent. of the votes cast on that Extraordinary Resolution.

Subject to this MERC Condition 11 and the provisions of the Trust Deed, the Trustee may agree, without the consent of the MERC Holders (a) to any modification (except a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, the MERCs (including these MERC Conditions) or any of the Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the MERC Holders, or (b) to any modification of the MERCs (including these MERC Conditions) or any of the Documents which in the Trustee's opinion is to correct a manifest error or is of a formal, minor or technical nature. The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the aggregate principal balance of the

MERCs who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of such MERC Holders duly convened and held.

Condition 12: Indemnification and Exoneration of the Trustee

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the security for the MERCs unless indemnified to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer and Administrator, and/or related companies of any of them, without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security for the MERCs, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed provides that the 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.

Condition 13: Definitive MERCs

Definitive MERCs will only be issued in the following limited circumstances:

(a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or has in fact done so, and no alternative clearing system acceptable to the Trustee is available; or

(b) if, as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the MERCs which would not be required were the relevant MERCs in definitive form; or

(c) the Issuer would suffer a material disadvantage in respect of the MERCs as a result of a change in the laws or regulations (taxation or otherwise), (or in the interpretation, application or administration of the same) of any applicable jurisdiction (including payments being made net of tax) which would not be suffered were the relevant MERCs in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee; or

(d) the Trustee has given an Enforcement Notice to the Issuer in respect of the Offered Notes.

If Definitive MERCs are issued, the beneficial interests represented by the Global MERC shall be exchanged by the Issuer for Definitive MERCs in an amount proportionate to the beneficial interests represented by the Global MERC subject to and in accordance with the detailed provisions of the Paying Agency Agreement, the Trust Deed and the Global MERC.

Condition 14: Replacement of Definitive MERCs

If any MERC is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed MERC will only be made on payment of such costs 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 MERCs must be surrendered before new ones will be issued.

Condition 15: Notice to MERC Holders

Any notice to the MERC Holders shall be deemed to have been validly given, if published in the Financial Times or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in the United Kingdom, or until such time as any Definitive MERCs are issued and so long as the Global MERCs are held on behalf of Euroclear and/or Clearstream, Luxembourg, upon delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to MERC Holders; provided that if, at any time, the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters Screen, or any other medium for electronic display of data as may be previously approved in writing by the Trustee (in each case a "**Relevant Screen**"), publication in the above-noted newspaper shall not be required with respect to such information. Any such notice shall be deemed to have been given to the MERC Holders and they shall be deemed to have notice of the content of any such notice, in each case, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen on which) publication is required or, in the case of notice delivered to Euroclear and/or Clearstream, Luxembourg as described above, on the same day delivery is made to Euroclear and/or Clearstream, Luxembourg.

The Trustee shall be at liberty to sanction some other method of giving notice to the MERC Holders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange or equivalent regulatory authority on which the MERCs are then listed and provided that notice of such other method is given to the MERC Holders in such manner as the Trustee shall require.

For so long as the MERCs are represented by a Global MERC, notices to MERC Holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication to the relative Accountholders rather than by publication as required by this Condition 15. Any such notice shall be deemed to have been given to the MERC Holders on the seventh day after the day on which such notice is delivered to the Registrar, Euroclear and/or Clearstream, Luxembourg.

Condition 16: Rights of Third Parties

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

Condition 17: Governing Law

The Documents (except for the Exchange Rate Agency Agreement, which is governed by New York law) and the MERCs are governed by, and shall be construed in accordance with, English law (other than those aspects of the Documents specific to the Scottish Mortgage Loans, which are governed by, and shall be construed in accordance with, Scots law and those specific to the Northern Irish Mortgages, which are governed by, and shall be construed in accordance with, Northern Irish Law).

TERMS AND CONDITIONS OF THE RESIDUALS

The following is the text of the terms and conditions of the Residuals (the "**Residual Conditions**") which (subject to amendment and completion) will be endorsed on or attached to each Global Residual and each Definitive Residual (if and to the extent applicable) and (subject to the provisions thereof) will apply to each such Residual.

The Residual Certificates ("**Residuals**") of RMAC 2005-NS4 Plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") expected to be dated on or about 7 December 2005 (the "**Issue Date**") between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "**Trustee**", which expression includes the trustee or trustees for the time being under the Trust Deed) as trustee for holders of the Residuals ("**Residual Holders**") and in relation to the Definitive Residuals (as defined below), Definitive Residual Holders, and in relation to Global Residuals (as defined below), Global Residual Holders. The Residuals will have the benefit of (to the extent applicable) a paying agency agreement (the "**Paying Agency Agreement**") dated on or about the Issue Date, as amended or supplemented from time to time between the Issuer, the Trustee, JPMorgan Chase Bank, N.A. as principal paying agent (the "**Principal Paying Agent**") and as agent bank (the "**Agent Bank**"), J.P. Morgan Bank Luxembourg S.A. as registrar (the "**Registrar**") and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). The Issuer will issue the Residuals to GMAC-RFC Limited. Payments made in respect of the Residuals constitute part of the consideration for, *inter alia*, the transfer of the Mortgage Loans.

In these Residual Conditions, all references to "**Registrar**", "**Agent Bank**" and "**Paying Agent**" shall mean any registrar, agent bank or paying agents appointed from time to time in accordance with the Paying Agency Agreement and shall include any successors thereto or to the Principal Paying Agent appointed from time to time in accordance with the Paying Agency Agreement and any reference to an "**Agent**" or "**Agents**" shall mean any or all (as applicable) of the above persons.

In these Residual Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the master definitions schedule (the "**Master Definitions Schedule**") dated the Issue Date between, *inter alios*, the Issuer, the Trustee and the Principal Paying Agent.

These Residual Conditions include summaries of, and are subject to, the detailed provisions of the following agreements, dated on or about the Issue Date and as amended or supplemented from time to time: the Trust Deed (which includes the form of the Residuals), the Paying Agency Agreement and a deed of charge between, *inter alios*, the Issuer and the Trustee (the "**Deed of Charge**"). Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and the Master Definitions Schedule are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified office of the Principal Paying Agent. The Residual Holders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement and the Deed of Charge. The Issuer may not purchase any Residuals.

If Residuals in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Residual would be as set out below. While the Residuals remain in global form, the same terms and conditions govern such Residuals, except to the extent that they are appropriate only to Residuals in definitive form.

Condition 1: Form and Title

Residuals will be represented by a global certificate in registered form (a "**Global Residual**").

If Residuals in definitive form are issued pursuant to Residual Condition 13, a definitive certificate in respect of each Residual represented by the Global Residual (the "**Definitive Residuals**") will be issued in registered form and serially numbered.

Title to the Global Residuals and Definitive Residuals will pass upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. Registered holders of the Global Residuals or Definitive Residuals shall (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Residual or Definitive Residual, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.

For so long as the Residuals are represented by Global Residuals, the Issuer and the Trustee may (but shall not be obliged to) (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of the particular number of Residuals (each, an "**Accountholder**") as the holder of such number of Residuals (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Residual Holders), other than for the purposes of making payments on such Global Residuals, the right to which shall be vested, as against the Issuer and the Trustee, solely in the registered holder of the relevant Global Residual in accordance with and subject to the terms of the Trustee Deed.

Transfers and exchanges of beneficial interests in Global Residuals will be effected subject to and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, as appropriate.

Condition 2: Status, Security and Administration

The Residuals are constituted by the Trust Deed.

The Residuals constitute direct, secured (as more particularly described in the Deed of Charge) and unconditional obligations of the Issuer and rank *pari passu* without preference or priority amongst each other.

The Deed of Charge contains provisions to the effect that, so long as any of the Offered Notes are outstanding, the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons (other than Offered Noteholders in accordance with the Trust Deed) having the benefit of the security constituted by the Deed of Charge and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.

As security for the payment of all monies payable in respect of the Residuals, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

(a) first fixed charges in favour of the Trustee over the Issuer's interests in the Mortgage Loans, the Mortgages and certain other collateral security relating to the Mortgage Loans (such collateral security, together with the Mortgages, the "**Related Security**");

(b) an equitable assignment in favour of the Trustee of the Issuer's interests in the insurance contracts to the extent that they relate to the Mortgage Loans;

(c) an assignment in favour of the Trustee of the benefit of the Administration Agreement, the Corporate Services Agreement, the Mortgage Sale Agreement, the Guaranteed Investment Contract, the MER Loan Agreement, the Bank Agreement, the Liquidity Facility Agreement, the USD Note Currency Swap Agreement, the Standby Administration Agreement, the Interest Rate Cap Agreement, the Declaration of Trust, the Exchange Rate Agency Agreement and the Paying Agency Agreement (the "**Charged Obligation Documents**");

(d) a first fixed equitable charge in favour of the Trustee over the Issuer's interest in the Issuer Transaction Account, the GIC Account and any other bank account in which the Issuer has an interest; and

(e) a first floating charge in favour of the Trustee (ranking after the security referred to in (a) to (d) above) over the whole of the undertaking, property, assets and rights of the Issuer (and extending to all of the Issuer's Scottish assets, including those charged by the fixed security) (the fixed and floating charges collectively, the "**Security**").

Condition 3: Covenants

Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Administration Agreement, the Exchange Rate Agency Agreement, the Mortgage Sale Agreement, the Corporate Services Agreement, the Guaranteed Investment Contract, the USD Note Currency Swap Agreement, the Standby Administration Agreement, the Liquidity Facility Agreement, the MER Loan Agreement, the Declaration of Trust, the Post Enforcement Call Option, the Bank Agreement, and the Interest Rate

Cap Agreement (collectively, the "**Documents**"), the Issuer shall not, for so long as any Residual remains outstanding (as defined in the Trust Deed), *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

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

(ii) open any account whatsoever with any bank or other financial institution, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Residual Condition 2;

(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 in respect of any obligation of any person;

(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, 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;

(f) Tax Grouping

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

(g) Other

permit any of the Documents, the insurance contracts relating to the Mortgage Loans 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 Trust Deed and these Residual Conditions, or permit any party to any of the Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Documents.

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

Condition 4: Residual Payments

(a) Entitlement

Each Residual bears a *pro rata* entitlement to receive a payment ("**Residual Payment**") in respect of amounts equal to the residual amount available for such purpose in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, following payment of or provision for all higher ranking items. The Residual Payment shall be equal to the residual amount available for such purpose in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, (following payment of or provision for all higher rating items) divided by the number of Residuals existing on the fifth Business Day prior to a Payment Date (each such date a "**Determination Date**"). Following payment of or provision for all higher rating items in the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, if there are no available amounts to be applied as Residual Payments the Residual Holders will have no further claim against the Issuer.

(b) Payment

Subject to Residual Condition 6, Residual Payments, to the extent there are amounts available for such purpose, are payable in sterling on 13 March 2006 and thereafter on the 12 day in June, September, December and March in each year or on the following Business Day if such day is not a Business Day (each such date a "**Payment Date**"). "**Business Day**" means a day (other than Saturday or Sunday) on which banks are open for business in London, Luxembourg, New York.

(c) Determination and Calculation by Trustee

If the Administrator does not at any time for any reason determine and/or calculate the Residual Payment in accordance with the foregoing paragraphs, the Trustee shall determine and calculate the Residual Payment amount in the manner specified in paragraphs (a) and (b) above, and any such determination and/or calculation shall be deemed to have been made by the Administrator.

(d) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this Residual Condition 4, whether by the Administrator or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Administrator, the Trustee and all Residual Holders and (in such absence as aforesaid) no liability to the Trustee or the Residual Holders shall attach to the Issuer, the Administrator or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

Condition 5: Transferability

Any person who acquires, holds or is the transferee of a Residual or any interest in a Residual (including the beneficiary of entitlement to a Residual Payment or the beneficiary under any trust declared over a Residual or a Residual Payment):

(a) hereby represents that it is a company within the charge to United Kingdom corporation tax as regards any Residual Payment unless and until such time as that person otherwise notifies the Issuer by sending a notice in writing to the Administrator that this is not the case; and

(b) agrees to indemnify the Issuer for any loss or liability, costs and expenses (including stamp duties) which the Issuer determines will be or has been suffered by the Issuer to the extent that the person acquiring or holding, or who is the transferee of, the Residual or an interest in the Residual is in breach of the representation referred to in paragraph (a) above.

Condition 6: Cancellation

Following the redemption of all (but not some only) of the Offered Notes or an enforcement of the Offered Notes pursuant to Condition 10 and payment by the Issuer of all sums to be applied pursuant to the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, or, if earlier, purchase of the Offered Notes pursuant to the Post-Enforcement Call Option, the Residuals will be cancelled and will no longer constitute a claim against the Issuer.

Condition 7: Payments

(a) Global Residuals

Payments of Residual Payments in respect of the Global Residual will be made to the persons in whose names the Global Residual is registered on the Register at the close of business on the fifth Business Day before the relevant Payment Date (the "**Residual Determination Date**") and, in the case of final redemption of the Global Residual, upon surrender of such Global Residual at the specified office of any Paying Agent. Payments will be made by sterling cheque drawn on a bank in London or by transfer to a sterling account maintained by the payee with a bank in London.

(b) Definitive Residuals

Payments of Residual Payments in respect of Definitive Residuals will be made on each Payment Date to the persons in whose names the Definitive Residuals are registered on the Register at the Determination Date and, in the case of final redemption of a Definitive Residual, upon surrender of such Definitive Residual at the specified office of any Paying Agent. Payments will be made by sterling cheque drawn on a bank in London or by transfer to a sterling account maintained by the payee with a bank in London.

(c) Payments in respect of the Residuals are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) If payment of Residual Payments is improperly withheld or refused on or in respect of any Residual or part thereof, the Residual Payments which continue to accrue in respect of such Residual in accordance with Condition 4 will be paid, to the extent received against (in respect of the Global Residual) presentation of such Residual at the specified office of any of the Paying Agents and (in respect of any Definitive Residual) in accordance with Residual Condition 7(b).

(e) The initial Paying Agents and their initial specified offices are listed at the end of the Global Residual or Definitive Residual to which these Residual Conditions are attached or enclosed. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain (i) a Paying Agent with a specified office in London (ii) a Paying Agent with a specified office in continental Europe (if the Residuals are issued in a definitive form or the Issuer is obliged to issue Residuals in definitive form) and (iii) an Agent Bank. The Issuer will cause at least 30 days' notice of any change in or addition to any of the agents or their specified offices to be given in accordance with Residual Condition 15.

Condition 8: Prescription

The Global Residual shall become void unless presented for payment within a period of five years from the date on which the final Residual Payment first became due. Claims for Residual Payments in respect of Definitive Residuals shall become void unless made within a period of five years from the date on which the final Residual Payment first became due and payable. After the date on which a Residual becomes void in its entirety, no claim may be made in respect thereof.

Condition 9: Taxation

All payments in respect of the Residuals will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Residuals subject to any withholding or deduction for, or on account of, any present or future taxes, duties assessment or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) 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 Issuer, the Principal Paying Agent, GMAC-RFC any other Agent nor any other person will be obliged to make any additional payments to Residual Holders in respect of such withholding or deduction.

Condition 10: Events of Default

Upon any declaration being made by the Trustee in accordance with Condition 10 of the Offered Notes that the Offered Notes are due and repayable, all entitlements of Residual Holders to any Residual Payments shall be suspended until such time as the Offered Notes have been repaid in full.

Condition 11: Meetings of Residual Holders, Modifications, Consents, Waiver

The Trust Deed contains provisions for convening meetings of Residual Holders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of Residual Holders of any modification of the Residuals (including these Residual Conditions) or the provisions of any of the Documents as they relate to the Residuals, provided that no modification of certain terms by the Residual Holders including, *inter alia*, the day of expiry of the Residuals or a modification which would have the effect of postponing any day for payment of Residual Payments in respect of such Residuals, the reduction or cancellation of the amount of Residual Payments payable in respect of such Residuals, the alteration of the majority required to pass an Extraordinary Resolution or the alteration of the currency of payment of such Residual Payments (any such modification in respect of the Residuals being referred to below as a "**Basic Terms Modification**") shall be effective unless such Extraordinary Resolution complies with the relevant terms of the Trust Deed.

The quorum at any meeting of the Residual Holders for passing an Extraordinary Resolution shall be two or more persons holding or representing over 50 per cent. of the Residuals or, at any adjourned meeting, two or more persons being or representing any Residual Holders whatever Residuals are held except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the Residuals. The quorum at any meeting of the Residual Holders for all business other than voting on an Extraordinary Resolution shall be two or more persons holding or representing in the aggregate not less than 5 per cent. of the Residuals or, at any adjourned meeting, two or more persons being or representing the Residual Holders, whatever the Residuals so held. In the event there is one holder of a Global Residual or all Definitive Residuals, such person will be deemed to constitute two persons for the purposes of forming a quorum for such meetings in accordance with this paragraph.

In respect of the interests of the Residual Holders, the Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the Residual Holders as regards all powers, trusts, authorities, duties and directions of the Trustee. The Trustee may only be directed by the Residual Holders and any Extraordinary Resolution of the Residual Holders will only be effective if the Trustee is of the opinion that the effect of the same will not be materially prejudicial to the interests of any or all of the Offered Noteholders and the MERC Holders or is sanctioned by an Extraordinary Resolution of each class of Offered Noteholders and the MERC Holders. Except in certain circumstances, the Trust Deed imposes no limitations on the powers of the Offered Noteholders which will be binding on the exercise of which will be the Residual Holders.

An Extraordinary Resolution of the Residual Holders shall be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders, the M1 Noteholders, the M2 Noteholders, the B1 Noteholders or the MERC Holders, or it is sanctioned by an Extraordinary Resolution by each of the A1 Noteholders, the A2 Noteholders, the A3 Noteholders, the M1 Noteholders, the M2 Noteholders, the B1 Noteholders and the MERC Holders.

An Extraordinary Resolution passed at any meeting of the Residual Holders shall be binding on all Residual Holders, whether or not they are present at the meeting. The majority required for an Extraordinary Resolution, including the sanctioning of a Basic Terms Modification, shall be not less than 75 per cent. of the votes cast on that Extraordinary Resolution.

Subject to this Residual Condition 11 and the provisions of the Trust Deed, the Trustee may agree, without the consent of the Residual Holders (a) to any modification (except a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, the Residuals (including these Residual Conditions) or any of the Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Residual Holders, or (b) to any modification of the Residuals (including these Residual Conditions) or any of the Documents which in the Trustee's opinion is to correct a manifest error or is of a formal, minor or technical nature. The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the aggregate principal balance of the Residuals who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of such Residual Holders duly convened and held.

Condition 12: Indemnification and Exoneration of the Trustee

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the security for the Residuals unless indemnified to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer and Administrator, and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security for the Residuals, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed provides that the 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.

Condition 13: Definitive Residuals

Definitive Residuals will only be issued in the following limited circumstances:

(a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or has in fact done so, and no alternative clearing system acceptable to the Trustee is available; or

(b) if, as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Residuals which would not be required were the relevant Residuals in definitive form; or

(c) the Issuer would suffer a material disadvantage in respect of the Residuals as a result of a change in the laws or regulations (taxation or otherwise), (or in the interpretation, application or administration of the same) of any applicable jurisdiction (including payments being made net of tax) which would not be suffered were the relevant Residuals in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee; or

(d) the Trustee has given an Enforcement Notice to the Issuer in respect of the Offered Notes.

If Definitive Residuals are issued, the beneficial interests represented by the Global Residual shall be exchanged by the Issuer for Definitive Residuals in an amount proportionate to the beneficial interests represented by the Global Residual subject to and in accordance with the detailed provisions of the Paying Agency Agreement, the Trust Deed and the relevant Global Residuals.

Condition 14: Replacement of Definitive Residuals

If any Residual is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual will only be made on payment of such costs 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 Residuals must be surrendered before new ones will be issued.

Condition 15: Notice to Residual Holders

Any notice to the Residual Holders shall be deemed to have been validly given, if published in the Financial Times or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in the United Kingdom, or until such time as any Definitive Residuals are issued and so long as the Global Residuals are held on behalf of Euroclear and/or Clearstream, Luxembourg, upon delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to Residual Holders; provided that if, at any time, the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters Screen, or any other medium for electronic display of data as may be previously approved in writing by the Trustee (in each case a "**Relevant Screen**"), publication in the above-noted newspaper shall not be required with respect to such information. Any such notice shall be deemed to have been given to the Residual Holders and they shall be deemed to have notice of the content of any such notice, in each case, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen on which) publication is required or, in the case of notice delivered to Euroclear and/or Clearstream, Luxembourg as described above, on the same day delivery is made to Euroclear and/or Clearstream, Luxembourg.

The Trustee shall be at liberty to sanction some other method of giving notice to the Residual Holders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange or equivalent regulatory authority on which the Residuals are then listed and provided that notice of such other method is given to the Residual Holders in such manner as the Trustee shall require.

For so long as the Residuals are represented by a Global Residual, notices to Residual Holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication to the relative Accountholders rather than by publication as required by this

Condition 15 provided that, in respect of the Residuals. Any such notice shall be deemed to have been given to the Residual Holders on the seventh day after the day on which such notice is delivered to the Registrar, Euroclear and/or Clearstream, Luxembourg.

Condition 16: Rights of Third Parties

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

Condition 17: Governing Law

The Documents (except for the Exchange Rate Agency Agreement, which is governed by New York law) and the Residuals are governed by, and shall be construed in accordance with, English law (other than those aspects of the Documents specific to the Scottish Mortgage Loans, which are governed by, and shall be construed in accordance with, Scots law and those specific to the Northern Irish Mortgages, which are governed by, and shall be construed in accordance with, Northern Irish Law).

UNITED KINGDOM TAXATION

The following is a general description of certain aspects of current United Kingdom law and HM Revenue and Customs practice relating to the United Kingdom taxation of the Offered Notes and is limited to a general consideration of the United Kingdom tax position of persons who are absolute beneficial owners of the Offered Notes. It does not purport to be a complete analysis of all tax considerations relating to the Offered Notes and should therefore be treated with appropriate caution. Some aspects do not apply to certain classes of taxpayer (such as dealers) or to Offered Noteholders where the object, or one of the main objects, of acquiring or holding the Offered Notes was or is the securing, whether for the Offered Noteholder or any other person, of a tax advantage.

A United Kingdom Withholding Tax

Interest payments on the Offered 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 the Offered 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 London Stock Exchange is a recognised stock exchange for these purposes. Under an HM Revenue and Customs published practice, securities will be treated as listed on the London Stock Exchange's Gilt Edged and Fixed Interest Market if they are admitted to the Official List by the UK Listing Authority and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

Interest on the Offered Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on the Offered 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 Offered 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 HM Revenue and Customs 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.

In other cases, an amount must generally be withheld from payments of interest on the Offered Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty.

Offered Noteholders who are individuals may wish to note that HM Revenue and Customs 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 HM Revenue and Customs with the tax authorities of other jurisdictions.

B Direct Assessment of Non-United Kingdom Resident Offered Noteholders to United Kingdom Tax on United Kingdom Interest

Interest on the Offered 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 an Offered Noteholder who is exempt from United Kingdom income tax under the terms of an applicable double taxation treaty or otherwise.

However, interest with a United Kingdom source which is received without deduction or withholding for or on account of United Kingdom income tax, is not normally chargeable to United Kingdom tax in the hands of an Offered Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom, unless that Offered Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom permanent establishment, branch or agency in connection with which the interest is received or to which the Offered Notes are attributable. There are certain exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

C Accrued Income Scheme – Individual Offered 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 an Offered Note by an individual Offered Noteholder who is resident or ordinarily resident in the United Kingdom or an Offered Noteholder who carries on a trade in the United Kingdom through a branch or agency to which the Offered 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 Offered Note at the time of the transfer.

In particular, the Offered Notes will be "**variable rate securities**" for the purposes of the Accrued Income Scheme. In relation to the disposal of such an Offered Note, an Offered Noteholder who is resident or ordinarily resident in the United Kingdom or an Offered Noteholder who carries on a trade in the United Kingdom through a branch or agency to which the Offered Note is attributable will be chargeable to tax on income in respect of interest which is deemed to have accrued on that Offered Note at the time of transfer in such an amount as is just and reasonable. A transferee of such an Offered Note will not be entitled to any corresponding relief in respect of that amount under the Accrued Income Scheme.

D Taxation of Chargeable Gains – Individual Offered Noteholders

As a result of the provision for redenomination of the Sterling Notes into euro and the USD Notes having a non-sterling denomination, it is not expected that the Offered Notes will be treated by HM Revenue and Customs 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 Offered Notes by an individual Offered Noteholder will give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the individual circumstances of the Offered Noteholder.

E United Kingdom Corporation Tax Payers

In general, Offered 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 Offered 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. Offered 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.

F 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 an Offered Note in global form, or on the issue or transfer of an Offered Note in definitive form.

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

UNITED STATES FEDERAL INCOME TAXATION

General

Any US 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 US 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 Offered 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 US federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Offered Notes. In general, this summary assumes that holders acquire the Offered Notes at original issuance at their original issue price and will hold the Offered 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 Offered 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) regulated investment companies; (vi) persons that will hold Offered 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 US federal income tax purposes; (vii) persons that own (or are deemed to own) 10 per cent. or more of the voting shares of the Issuer; (viii) partnerships, pass-through entities or persons that hold Offered Notes through partnerships or other pass-through entities; and (ix) US Holders that have a "**functional currency**" other than the US 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 Offered Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the US federal government.

Each prospective investor should consult its own tax adviser with respect to the US federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Offered Notes.

This summary is based on the US Internal Revenue Code of 1986, as amended (the "**Code**"), US 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 "**US Holder**" means a beneficial owner of Offered Notes that is for US 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 US 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 US persons have the authority to control all substantial decisions of the trust. If a partnership holds Offered 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 Offered Notes should consult their own tax advisers. A "**Non-US Holder**" is a beneficial owner of Offered Notes that is not a US Holder.

Characterisation of the Offered Notes

The Issuer has obtained an opinion from Allen & Overy LLP, US tax counsel to the Issuer, that although there is no statutory, judicial or administrative authority directly addressing the characterisation of the Offered Notes or instruments similar to the Offered Notes for US federal income tax purposes, the Offered Notes, when issued, will be treated as debt for US federal income taxation purposes. This opinion is based upon, among other things, representations made by the Issuer to Allen & Overy LLP in a representation letter that the Issuer certified to be true and complete in all material respects, as well as certain assumptions. In addition, only the Issuer may rely upon the foregoing opinion and such opinion will not be binding upon the US Internal Revenue Service ("**IRS**") or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the US federal income tax treatment of the Offered Notes. Accordingly, there can be no assurances that the IRS will not contend, and that a court will not ultimately hold, that the Offered Notes are equity in the Issuer or that any of the other items discussed below are treated differently. If any of the Offered Notes were treated as equity in the Issuer for US federal income tax purposes, there might be adverse tax consequences upon the sale, exchange, or other disposition of, or the receipt of certain types of distributions on, such Offered Notes by a US Holder. The discussion below assumes that the Offered Notes will be treated as debt for US federal income tax purposes.

Prospective investors should consult their own tax advisers regarding the appropriate characterisation of, and US federal income tax and other tax consequences of investing in, the Offered Notes.

Taxation of US Holders of the Offered Notes

Payments of Interest

Interest on an Offered Note will be taxable to a US Holder as ordinary interest income at the time it is received or accrued, depending on the US Holder's method of accounting for US federal income tax purposes subject to, in the case of the M Notes and B1 Notes, the original issue discount ("**OID**") discussion below.

Because the Issuer is permitted to defer interest payments on the M Notes and B1 Notes in certain limited circumstances, it is possible the M Notes and B1 Notes could be treated as issued with OID for US federal income tax purposes. A US Holder (including a cash basis holder) of an M Note or B1 Note treated as issued with OID would be required to accrue OID on such Offered Note as taxable income for US federal income tax purposes for each day on which the US Holder holds such Offered Note. The U.S. federal income tax treatment of the M Notes and B1 Notes under the OID rules is uncertain. If the M Notes and B1 Notes are issued at an issue price equal to their principal amount, the Issuer intends not to calculate OID under the PAC Method referred to below, and instead to take the position that the amount of OID that accrued on such M Notes and B1 Notes in each accrual period is equal to the amount of interest (including any deferred interest with respect to the M Notes and B1 Notes) that accrues on such M Notes and B1 Notes during such period. Unless the M Notes and B1 Notes are issued at an issue price equal to their principal amount, the Issuer intends, absent definitive guidance, to treat the M Notes and B1 Notes as subject to an income accrual method analogous to the method applicable to debt instruments whose payments are subject to acceleration using an assumption as to the expected prepayments on the M Notes and B1 Notes (the "**PAC Method**"). The OID accruing under the PAC Method would likely equal the amount by which (a) the sum of (i) the present value of all remaining payments to be made as of the end of such period plus (ii) the payments made during such period included in the stated redemption price at maturity, exceeds (b) the "**adjusted issue price**" as of the beginning of the period. The present value of the remaining payments is calculated based on (x) the original yield to maturity of such instrument, (y) events (including actual prepayments) that have occurred prior to the end of the period and (z) the appropriate prepayment assumption for such Offered Notes. With respect to the M Notes and B1 Notes, the stated redemption price is likely to be the sum of all payments expected thereon, determined in accordance with the appropriate prepayment assumption for such Offered Notes. There can be no assurance that the payments will actually be made in accordance with any prepayment assumption for the M Notes and B1 Notes. The "**adjusted issue price**" of an M Note and B1 Note at the beginning of any accrual period generally would be the sum of its issue price and the amount of OID allocable to all prior accrual periods, less the amount of any payments made in all prior accrual periods. If the OID is negative for any period, the US Holder generally will not be allowed a current deduction for the negative amount but instead will be entitled to offset such amount only against future positive OID from such instrument. The accrual of OID may require holders to recognise income in advance of payments.

A US Holder utilising the cash method of accounting for US federal income tax purposes that receives an interest payment denominated in a currency other than US dollars (a "**foreign currency**") will be required to include in income, with respect to the Offered Notes, if they do not bear OID, the US 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 US dollars.

If interest on an Offered Note is payable in a foreign currency, an accrual basis US Holder, or a US Holder that uses the cash method of accounting as to Offered Notes with OID, is required to include in income the US dollar value of the amount of interest income and OID accrued on the Offered Note during the accrual period. Such a US Holder may determine the amount of the accrued interest income and OID 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 US 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 US 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 US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the US Holder and will be irrevocable without the consent of the IRS.

A US 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 an Offered Note). The amount of ordinary income or loss will equal the difference between the US dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the US dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the US Holder).

Foreign currency received as interest on the Offered Notes will have a tax basis equal to its US dollar value at the time the interest payment is received. Gain or loss, if any, realised by a US 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 US foreign tax credit limitation purposes.

Interest income and OID on the Offered Notes will be treated as foreign source income for US federal income tax purposes, which may be relevant in calculating a US Holder's foreign tax credit limitation for US federal income tax purposes. The US foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and US 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.

Sale, Exchange or Other Disposition

A US Holder's tax basis in an Offered Note will generally equal its "**US dollar cost**", increased by any amount includible in income as OID and reduced by the amount of any payments received by the US Holder with respect to the Offered Note that are not qualified stated interest payments (as defined in the applicable US Treasury regulations). The "**US dollar cost**" of an Offered Note purchased with a foreign currency will generally be the US dollar value of the purchase price on the date of purchase or, in the case of an Offered Note traded on an established securities market (as defined in the applicable US Treasury regulations) that is purchased by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the purchase. A US Holder will generally recognise gain or loss on the sale, exchange or other disposition of an Offered 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 Offered Note. The amount realised on the sale, exchange or other disposition of an Offered Note for an amount in foreign currency will be the US dollar value of that amount on the date of disposition or, in the case of an Offered Note traded on an established securities market (as defined in the applicable US Treasury regulations) that is sold by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the sale.

Gain or loss recognised by a US Holder on the sale, exchange or other disposition of an Offered Note that is attributable to changes in currency exchange rates will constitute foreign currency gain or loss and will be treated as ordinary income or loss. However, foreign currency gain or loss will be realised only to the extent of the total gain or loss realised by the US Holder on the sale, exchange or other disposition of the Offered Note, and will generally be treated as from sources within the United States for US foreign tax credit limitation purposes.

Any gain or loss recognised by a US Holder in excess of any foreign currency gain or loss recognised on the sale, exchange or other disposition of an Offered Note will generally be US-source capital gain or loss. **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 Offered Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

A US Holder will have a tax basis in any foreign currency received on the sale, exchange or other disposition of an Offered Note equal to the US dollar value of the foreign currency at the time of the sale, exchange or other disposition. Gain or loss, if any, realised by a US 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 US foreign tax credit limitation purposes.

Taxation of Non-US Holders of the Offered Notes

Subject to the backup withholding rules discussed below, a Non-US Holder generally should not be subject to US federal income or withholding tax on any payments on an Offered Note or gain from the sale, exchange or other disposition of an Offered Note unless: (i) that payment or gain is effectively connected with the conduct by that Non-US 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 an Offered Note by an individual Non-US 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-US Holder is subject to tax pursuant to provisions of the Code applicable to certain US expatriates. **Non-US Holders should consult their own tax advisers regarding the US federal income and other tax consequences of purchasing, owning and disposing of Offered Notes.**

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments on the Offered Notes and proceeds of the sale, exchange or other disposition of the Offered Notes to US Holders. A US Holder may be subject to backup withholding if it fails to furnish (usually on IRS Form W-9) the US Holder's taxpayer identification number, to certify that such US Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain US Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-US Holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN) to establish that they are not US 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 US Holder generally may be refunded or claimed as a credit against such US Holder's US federal income tax liability, provided that the required information is timely furnished to the IRS. **Prospective investors in the Offered Notes should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

THE US 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 OFFERED NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OFFERED NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE,

LOCAL, NON- US 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 Offered Notes and the probability of payment of principal and interest thereon (as evidenced by the ratings assigned to the Offered Notes by the rating agencies), the Issuer will not treat the Offered Notes offered hereby as equity interests for purposes of the Plan Asset Regulation.

Even assuming that the Offered Notes will not be treated as equity interests under the Plan Asset Regulation, it is possible that an investment in such Offered Notes 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 Offered Notes or the extension of credit pursuant to the Offered Notes). 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 Offered Notes will be deemed to have represented and agreed that (i) either it is not purchasing or holding such Offered Notes 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 Offered Notes to a transferee purchasing such Offered Notes 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. Any Plan fiduciary that proposes to cause a Plan to purchase or hold such Offered Notes should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption would be applicable and determine on its own whether all conditions of such exemption or exemptions have been satisfied.

UNITED STATES LEGAL INVESTMENT CONSIDERATIONS

None of the Offered Notes 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 characterization of the Offered Notes for legal investment purposes, financial institution regulatory purposes, or other purposes, or as to the ability of particular investors to purchase the Offered Notes under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of the Offered 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 Offered Notes constitute legal investments or are subject to investment, capital or other restrictions.

PURCHASE AND SALE

The Managers have pursuant to a purchase agreement dated 21 November 2005 among the Managers, the Issuer and GMAC-RFC (the "**Purchase Agreement**") agreed with the Issuer to purchase the Offered Notes at the issue price of, in relation to (a) the A1 Notes, 100 per cent. of the aggregate principal amount of the A1 Notes, (b) the A2 Notes, 100 per cent. of the aggregate principal amount of the A2 Notes, (c) the A3 Notes, 100 per cent. of the aggregate principal amount of the A3 Notes, (d) the M1 Notes, 100 per cent of the aggregate principal amount of the M1 Notes, (e) the M2 Notes, 100 per cent. of the aggregate principal amount of the M2 Notes, (f) and the B1 Notes, 100 per cent. of the aggregate principal amount of the B1 Notes.

The Issuer will pay to the Managers a combined management and underwriting fee of 0.10 per cent. of the Base Currency PAO on the Issue Date of the A1 Notes, a combined management and underwriting fee of 0.16 per cent. of the Base Currency PAO on the Issue Date of the A2 Notes, a combined management and underwriting fee of 0.185 per cent. of the Base Currency PAO on the Issue Date of the A3 Notes, a combined management and underwriting fee of 0.20 per cent. of the Base Currency PAO on the Issue Date of the M1 Notes, a combined management and underwriting fee of 0.35 per cent. of the Base Currency PAO on the Issue Date of the M2 Notes and a combined management and underwriting fee of 0.67 per cent. of the Base Currency PAO on the Issue Date of the B1 Notes payable in sterling. The MERCs and Residuals will be issued directly to GMAC-RFC.

RFSC International Limited is an affiliate of GMAC-RFC. Both are wholly owned by GMAC Residential Funding Corporation.

The Purchase Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment for the Offered Notes to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the issue of the Offered Notes.

Each Manager has represented to and agreed with the Issuer that: A13.4.14

(a) it has complied and will comply with all applicable provisions of the FSM Act with respect to anything done by it in relation to the Offered Notes in, from or otherwise involving the United Kingdom; and

(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 FSM Act) received by it in connection with the issue or sale of any Offered Notes in circumstances in which section 21(1) of the FSM Act does not apply to the Issuer.

The Offered Notes have not been and will not be registered under the Securities Act and any state securities laws and may not be offered or sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, US Persons except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Offered Notes, (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering of the Offered Notes and the Issue Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, US Persons (except in accordance with Rule 903 of Regulation S), and it will have sent to each distributor, dealer or other person to which it sells the Offered Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Offered Notes within the United States or to, or for the account or benefit of, US Persons. The Purchase Agreement provides that selected Managers, through their selling agents which are registered broker-dealers in the United States, may resell Offered Notes in the United States to "**qualified institutional buyers**" (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act.

The Issuer has agreed to furnish the holders and prospective purchasers of the Offered Notes with the information required pursuant to Rule 144A(d)(4).

Each Manager has agreed that they have not (and will not), nor has (nor will) any person acting on their 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 Offered 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 Offered Notes in the United States.

In addition, until 40 days after the later of the date of the commencement of the offering and the Issue Date, an offer or sale of the Offered Notes within the United States by any dealer (whether or not participating in this offering) may violate the 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.

This Offering Circular may not be distributed and the Offered Notes (including rights representing an interest in a Global Note) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands ("**Dutch Residents**") other than (a) Offered Notes with a denomination of €100,000 or more (or its foreign currency equivalent) each where the identity of initial investors or that of any future investors is not reasonably known to the Issuer; or (b) Offered Notes which can only be purchased as a block or package having an aggregate value of at least €100,000 (or its foreign currency equivalent) where the identity of initial investors or that of any future investors is not reasonably known to the Issuer; or (c) the following entities (hereinafter referred to as "**Professional Market Parties**" or "**PMPs**") provided they acquire the Offered Notes for their own account and trade or invest in securities in the conduct of a business or profession:

(i) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;

(ii) banks or securities firms licensed or supervised in a European Economic Area member state (other than the Netherlands) and registered with the Dutch Central Bank (De Nederlandsche Bank N.V., or "**DNB**") or the Dutch Authority for the Financial

Markets (Stichting Autoriteit Financiële Markten) acting through a branch office in the Netherlands;

(iii) Netherlands collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;

(iv) the Dutch government (de Staat der Nederlanden), DNB, Dutch regional, local or other decentralised governmental institutions, or any international treaty organisations and supranational organisations located in the Netherlands;

(v) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Offered Notes;

(vi) Netherlands enterprises, entities or individuals with net assets (eigen vermogen) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Offered Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;

(vii) Netherlands subsidiaries of the entities referred to under (i) above provided such subsidiaries are subject to prudential supervision;

(viii) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and

(ix) such other Netherlands entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

Each Manager has represented to and agreed with the Issuer that:

(i) it has only made and will only make an offer of Offered Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when an offering circular in relation to those Offered Notes has been approved by the *Autorité des marchés financiers* (**AMF**), on the date of such publication or, (ii) when an Offering Circular has been approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of such publication; or

(ii) it has only made and will only make an offer of Offered Notes to the public in France (*appel public à l'épargne*) and/or it has only required and will only require the admission to trading on Euronext Paris S.A. in circumstances which do not require the publication by the offeror of an offering circular pursuant to articles L.411-2 and L.412-1 of the French *Code monétaire et financier*; and

(iii) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Offered Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular or any other offering material relating to the Offered Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier.*

The Offering Circular and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Offered Notes.

Each Manager has represented to and agreed with the Issuer that it will not:

(a) offer for sale, sell or market in Belgium such Offered Notes by means of a public offer within the meaning of the Law of 22 April 2003 on the public offer of securities; or

(b) sell Offered Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

These selling restrictions may be modified by the agreement of the Issuer and each of the Managers following a change in the relevant law, regulation or directive. Any such modifications will be set out in a supplement to this Offering Circular.

No action has been taken by the Issuer or the Managers which would or is intended to permit a public offer of the Offered Notes in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Offered Notes, in any country or jurisdiction where action for that purpose is required and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with the applicable laws and regulations.

NOTICE TO INVESTORS

Offers and Sales by the Initial Purchasers

The Offered Notes (including interests therein represented by a Rule 144A Global Note or a Rule 144A Definitive Note) have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered directly or indirectly in the United States or to or for the account of "**US Persons**" (as defined in Regulation S under the Securities Act) except pursuant to an effective registration statement or in accordance with an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Offered Notes (and any interests therein) are being offered and sold: (1) in the United States only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("**QIBs**") in transactions exempt from the registration requirements of the Securities Act and any other applicable securities laws and (2) outside the United States to non-US persons in compliance with Regulation S under the Securities Act. Prospective purchasers are hereby notified that sellers of the Offered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Investors' Representations and Restrictions on Resale

Each purchaser of the Offered Notes (or interests therein) or Book-Entry Interests will be deemed to have represented and agreed as follows:

1. it is either (A)(i) a QIB, (ii) aware that the sale of the Offered Notes is being made in reliance on Rule 144A and (iii) acquiring such Offered Notes for its own account or for the account of a QIB and each beneficial owner of such Offered Notes has been advised that the sale of such Offered Notes to it is being made in reliance on Rule 144A or (B) not a US Person (as defined in Regulation S under the Securities Act) and is acquiring such Offered Notes for its own account or for the account of a non-US Person in a transaction outside the United States pursuant to an exemption from registration provided by Regulation S under the Securities Act;

2. such Offered Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Offered Notes, then such Offered Notes may be resold, pledged or otherwise transferred only (i) to the Issuer, or (ii) so long as such Offered Notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a QIB acquiring the Offered Notes for its own account or as a fiduciary or for the account of QIBs to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A in a transaction meeting the requirements of Rule 144A, or (iii) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available), or (iv) to a non-US Person acquiring the Offered Notes in a transaction outside the United States pursuant to an exemption from registration provided by Regulation S under the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; provided that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control; and

3. unless the relevant legend set out below has been removed from the Offered Notes, such purchaser shall notify each transferee of Offered Notes from it that (i) such Offered Notes have not been registered under the Securities Act, (ii) such Offered Notes are subject to the restrictions on the resale or other transfer thereof described in paragraph (2) above, (iii) such transferee shall be deemed to have represented (a) as to its status as a QIB or a purchaser acquiring the Offered Notes in a transaction outside the United States (as the case may be), (b) if such transferee is a QIB, that such transferee is acquiring the Offered Notes for its own account or as a fiduciary or agent for others (which others also must be QIBs), (c) if such purchaser is acquiring the Offered Notes in an offshore transaction, that such transfer is made pursuant to an exemption from registration provided by Regulation S under the Securities Act, and (d) that such transferee is not an underwriter within the meaning of Section 2(11) of the Securities Act, and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing.

Those Offered Notes that represent interests sold outside the United States to purchasers that are not US persons in compliance with Regulation S will bear a legend to the following effect:

"THIS OFFERED NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE OFFERED NOTES AND THE DATE OF THE ORIGINAL ISSUANCE OF THE OFFERED NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES".

Set out below is a form of notice which may be used to notify the transferees of the foregoing restrictions on transfer. Such notice will be set out in the form of a legend on each Rule 144A Global Note and each Rule 144A Definitive Note (if any). Additional copies of such notice may be obtained from the Principal Paying Agent, the Registrar or the transfer agent:

"THIS OFFERED NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD IN VIOLATION OF THE SECURITIES ACT OR SUCH OTHER LAWS. THIS OFFERED NOTE MAY BE TRANSFERRED ONLY IN INITIAL PRINCIPAL AMOUNTS OF £100,000 OR USD100,000, DEPENDING ON ITS CURRENCY OF DENOMINATION AND INCREMENTS OF £10,000 OR USD10,000, DEPENDING ON ITS CURRENCY OF DENOMINATION, THEREAFTER. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS OFFERED NOTE, AGREES FOR THE BENEFIT OF THE ISSUER AND THE MANAGERS THAT THIS OFFERED NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") (A "QUALIFIED INSTITUTIONAL BUYER"), THAT IT IS ACQUIRING THIS

OFFERED NOTE FOR ITS OWN ACCOUNT OR AS FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS MUST ALSO BE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE RESALE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (4) TO A PERSON WHO IS NOT A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE UNITED STATES ACQUIRING THIS OFFERED NOTE IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND WITH RESPECT TO THE OFFERED NOTES TO A PURCHASER WITH RESPECT TO WHOM (X) NO PART OF THE ASSETS USED TO PURCHASE THIS OFFERED NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF ERISA, OR SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR LAW, OR (Y) PART OR ALL OF THE ASSETS USED TO PURCHASE THIS OFFERED NOTE CONSTITUTE ASSETS OF AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR LAW IF AND ONLY IF THE USE OF SUCH ASSETS WILL NOT CONSTITUTE, CAUSE OR RESULT IN THE OCCURRENCE OF A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR LAW, BY REASON OF THE APPLICATION OF A STATUTORY OR ADMINISTRATIVE EXEMPTION; PROVIDED THAT THE AGREEMENT OF THE HOLDER HEREOF IS SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE PURCHASER'S PROPERTY SHALL AT ALL TIMES BE AND REMAIN WITHIN ITS CONTROL. THIS OFFERED NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS OFFERED NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS OFFERED NOTE AND ANY BENEFICIAL OWNER OF ANY INTEREST HEREIN 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 OFFERED NOTE AND ANY OFFERED NOTE ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON) AND AGREES TO TRANSFER THIS OFFERED NOTE ONLY IN ACCORDANCE WITH ANY SUCH AMENDMENT OR SUPPLEMENT IN ACCORDANCE WITH APPLICABLE LAW IN EFFECT AT THE DATE OF SUCH TRANSFER".

Because of the foregoing restrictions, purchasers of Offered Notes offered in the United States on reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold in reliance on Rule 144A.

GENERAL INFORMATION

1 The issue of the Offered Notes has been authorised by resolution of the Board of Directors of the Issuer passed on 18 November 2005. A13.4.12

2 It is expected that admission of the Offered Notes to the Official List of the UK Listing Authority and admission of the Offered Notes to trading by the London Stock Exchange's Gilt Edged and Fixed Interest Market will be granted on or about 6 December 2005, subject only to issue of the Global Notes of each class of Offered Notes. Prior to official listing, however, dealings in the Offered Notes will be permitted by the London Stock Exchange in accordance with its rules. The issue will be cancelled if the Global Notes are not issued. A.13.5.1

3 The Offered Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg as follows:

A13.4.2
A.8.1.1

	Rule 144A ISIN	*Rule 144A Common Code*	*Rule 144A CUSIP*	*Reg S ISIN*	*Reg S Common Code*
A1 Notes	[●]	[●]	[●]	[●]	[●]
A2 Notes	[●]	[●]	[●]	[●]	[●]
A3 Notes	[●]	[●]	[●]	[●]	[●]
M1 Notes	[●]	[●]	[●]	[●]	[●]
M2 Notes	[●]	[●]	[●]	[●]	[●]
B1 Notes	[●]	[●]	[●]	[●]	[●]

4 The Issuer is not nor has it been involved in any legal, governmental or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened. A7.8.3

5 In relation to this transaction, the Issuer on 21 November 2005 has entered into the Purchase Agreement referred to under "*Purchase and Sale*" above which is or may be material.

A7.8.4

6 Since 16 August 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.

A13.4.11
A7.10.1

7 PriceWaterhouse Coopers LLP has given and not withdrawn its written consent to the inclusion in this Offering Circular of its name and the accountants' report in respect of the Issuer and the references thereto in the form and context in which they appear, and has authorized the contents of that part of the Prospectus containing its report for the purposes of item 5.5.4R(2)(f) of the Prospectus Rules of the Financial Services Authority. PriceWaterhouse Coopers LLP has no material interest in the Issuer. The financial information provided by PriceWaterhouse Coopers LLP has been accurately reproduced and as far as the Issuer is aware and are able to ascertain from information provided by PriceWaterhouse Coopers LLP, no facts have been omitted which would render the financial information inaccurate or misleading.

8 Copies of the following documents may be inspected during usual business hours at the offices of Allen & Overy LLP, One New Change, London EC4M 9QQ for the life of this Offering Circular:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the consent referred to in paragraph 7 above;

(c) the contract listed in paragraph 5 above;

(d) drafts (subject to modification) of the following documents:

  (i) the Paying Agency Agreement;

  (ii) the Trust Deed;

  (iii) the Deed of Charge;

  (iv) the Mortgage Sale Agreement;

  (v) the Administration Agreement;

  (vi) the Guaranteed Investment Contract;

  (vii) the Bank Agreement;

  (viii) the Liquidity Facility Agreement;

  (ix) the Master Definitions Schedule;

  (x) the Standby Administration Agreement;

  (xi) the Declaration of Trust and the Deed of Accession to the Declaration of Trust;

  (xii) Interest Rate Cap Agreement;

  (xiii) the USD Note Currency Swap Agreement;

  (xiv) the Exchange Rate Agency Agreement,

  (xv) the Post Enforcement Call Option;

  (xvi) the Corporate Services Agreement; and

  (xvii) the MER Loan Agreement.

9 The Issuer confirms that the assets backing the issue of Offered Notes, taken together with the other arrangements to be entered into by the Issuer on the Issue Date (including those described in "**Credit Structure**" above), have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Offered Notes. However investors are advised that this confirmation is based on the information available to the Issuer at the date of this Offering Circular and may be affected by the future performance of such assets backing the issue of the Offered Notes. Consequently investors are advised to review carefully the disclosure in the Offering Circular together with any amendments or supplements thereto. A.8.2.1

GLOSSARY

1

A

B

C

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